PROVINCIAL AUDITOR
of Saskatchewan

2016 Report - Volume 1

Report of the Provincial Auditor to the
Legislative Assembly of Saskatchewan

PROVINCIAL AUDITOR
of Saskatchewan

May 17, 2016

The Honourable C. Tochor
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *2016 Report – Volume 1*, to be laid before the Legislative Assembly in accordance with the provisions of section 14.1 of *The Provincial Auditor Act*.

Respectfully yours,

Judy Ferguson

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Overview by the Provincial Auditor

1.0 REPORT OVERVIEW

Through *The Provincial Auditor Act* (Act), the Legislative Assembly has made the Provincial Auditor its independent auditor. It makes the Provincial Auditor responsible for auditing the Government of Saskatchewan, including all of its agencies. These agencies include ministries, regional health authorities, school divisions, Crown corporations, commissions, benefit plans and funds, etc.

Under the Act, the Provincial Auditor reports to the Legislative Assembly on the results of all examinations, and highlights matters that require the attention of legislators.

This Report (Volume 1) includes the results of our examinations completed by April 22, 2016. Consistent with past reports, we have organized these results into three sections. In addition, we summarize activities related to our work of two key legislative committees. The following provides an overview of each section of the Report.

Annual Integrated and IT Security Audits

This section of the Report includes the results of annual integrated audits of agencies primarily with fiscal year ends between August 2015 and December 2015, and annual IT security audits.

Twenty-eight school divisions, seven crown corporations and agencies, and over forty pension and benefit plans have fiscal year-ends between these dates. See **Appendix 1**.

This section identifies concerns with financial-related controls at only seven agencies–five school divisions, a pension plan, and a ministry. It also identifies improvements in financial-related controls at five other agencies–four school divisions and one pension plan.

About one-third of financial-related concerns we report in this section relate to the need for better controls over the use of information technology (IT) (e.g., user access, disaster recovery plans).

Normally, this Report would include the results of the annual integrated audits of Crown Investments Corporation of Saskatchewan and its related subsidiaries (CIC crowns). This year, because of the change in fiscal year of CIC Crowns from December 31st to March 31st, their

Integrated audits are annual audits of agencies that examine:

- The effectiveness of their financial-related controls to safeguard public resources with which they are entrusted
- Their compliance with authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
- The reliability of the financial statements for those agencies that prepare them

Financial-related controls (financial rules and procedures) include processes to plan, evaluate, and coordinate the financial activities of an agency. Effective controls help agencies achieve their objectives, and sustain and improve performance.

The term **annual IT security audits** describe audits of the effectiveness of an agency's processes and controls to secure IT systems and data.

annual audits are being done later than prior years. The *2016 Report – Volume 2* will include the results of these audits.

Central Services—Data Centre: The Ministry of Central Services implemented, in 2015, three of five recommendations we initially made three to nine years ago about the security of its data centre. However, significant security risks remain.

Ministries and some agencies (clients who receive IT services from Central Services) continue to use old IT applications. Many old IT applications will not work on newer and more secure operating systems. This makes doing security updates for known security risks more difficult. As such, these old IT applications present a higher risk of security breaches. These risks increase the importance of having strong security controls over accessing the data centre.

At December 2015, Central Services had not adequately secured all key servers and network equipment at the data centre. Firewalls at the data centre and certain client locations were not properly set up, or always updated for known weaknesses (vulnerabilities). In addition, Central Services did not have complete information about sensitivity of client data to make sure it placed highly sensitive data in an appropriately secure location.

In addition, as in prior years, it did not have a complete and tested disaster recovery plan for the data centre. This means, in the event of a disaster, government services may not be available when needed.

Performance Audits

This section of the Report includes the results of 12 performance audits covering a broad range of topics. For almost all of these audits, we examined the effectiveness of the processes the agency used. Below highlights audits that fall under the following three themes.

Performance audits take a more in-depth look at processes related to management of public resources or compliance with legislative authorities.

- Protecting the environment and people from harm
- Maintaining facilities
- Keeping IT systems and data secure

Protecting the environment and people from harm: Governments are responsible for protecting people from harm, and promoting and creating environments that support healthy behaviours. They are uniquely positioned to balance environmental, social, and economic interests.

While governments have a role in protecting the environment and people from harm, citizens must be aware and take responsibility for the environment and their own safety as well.

Environment—Preventing Aquatic Invasive Species in Saskatchewan: Aquatic invasive species pose a significant threat to our environment, and in turn, to our economy. The Ministry of Environment ranks Saskatchewan's risk of introduction as extremely high because Manitoba waters have zebra mussels, an aquatic invasive species (animal).

Aquatic invasive species can spread quickly. They can cause damage to water infrastructure like hydroelectric water intakes. Some attach themselves to pipelines impeding water flow. Once established, controlling and eradicating them is difficult and expensive.

Saskatchewan laws prohibit importing 19 species of fish (invasive aquatic animals) into Saskatchewan. The Ministry has identified the main ways for potential entry of these species into the province. At January 2016, Environment had not identified any aquatic invasive animals in the province.

Environment spends about a quarter of a million dollars each year on initiatives to prevent the entry of aquatic invasive species into the province. This amount is quite modest as compared to amounts spent by our neighbouring provinces.

At January 2016, Environment was in the early stages of formalizing its prevention and monitoring programs. While it had preventative and monitoring activities, it did not have risk-based strategies for them.

For instance, Environment had public education and awareness campaigns, but did not know if they were working. Its Conservation Officers can enforce both provincial and federal laws about aquatic invasive species; but only did a few inspections of watercraft in 2015. Environment identified other provincial agencies key to preventing and detecting species, and leveraged some of them (e.g., Saskatchewan Parks) in its detection activities. However, it did not have agreements with them to secure their ongoing commitment or to help it have the long-term capacity to efficiently prevent and detect entry of invasive species.

Formalizing risk-based strategies would help secure longer-term commitment on what types of preventative and monitoring activities should be done each year, by whom, to what extent, and where.

Saskatchewan Government Insurance—Only Qualified Drivers Remain Licensed: Vehicle collisions have a significant impact. For those involved, personal injury collisions can greatly affect the quality of life; fatal collisions cause irreversible and immeasurable harm.

From 2010 to 2014, the number of licensed drivers in Saskatchewan increased by just over nine percent and personal injury costs increased by almost 50 percent. At December 2015, about 790,000 drivers had Saskatchewan driver's licences.

Saskatchewan Government Insurance (SGI) is responsible for issuing driver's licences to those eligible. Various Saskatchewan laws set out who is qualified to have a drivers licence in Saskatchewan. They also include provisions to help protect the driving public from unsafe drivers.

Other than a few areas, SGI did a good job of making sure only qualified drivers remain licensed.

It maintained complete and generally up-to-date driver records. These records included information from various law enforcement bodies (e.g., Ministry of Justice) and health care providers (e.g., physicians) about traffic offences and health issues affecting a driver's ability to drive safely.

It used its driver record IT system extensively. It actively monitored inexperienced drivers and experienced drivers. It disciplined drivers based on demerit points for driving offences (e.g., fines, additional training, and suspensions). Laws set some demerit points. Disciplinary actions aligned with the severity and number of driving offences.

The demerit points in the IT system did not agree to the law for one offence—a learner driver unaccompanied by an experienced licensed driver. This error occurred because SGI did not confirm changes to the law setting demerit points was in effect before it changed its IT system. We determined SGI had not imposed unwarranted disciplinary action or over charged these drivers.

Keeping up-to-date driver records avoids delays in disciplinary actions. The timing of SGI's entry of data into driver records was reasonable other than for out-of-province traffic offences (e.g., alcohol and drug related offenses). It entered these as time permitted instead of daily as for similar in-province offences.

Also, SGI needs to give its staff written guidance on a number of key areas (e.g., expected timeframes for completing evaluations of drivers, acceptable lengths of extensions granted to drivers). Written guidance communicates expectations clearly and fosters consistency.

Regina School Division No. 4—Promoting Positive Student Behaviour: Positive student behaviour is behaviour that is consistent with the educational goals of attending school and showing respect, responsibility, and readiness to learn. Saskatchewan laws make school divisions responsible for protecting students from an unhealthy learning environment. It gives them the ability to supervise and discipline students.

Regina Public used a broad array of initiatives to promote positive student behaviour in in its 50 schools—41 elementary and 9 high schools. Some initiatives were division-wide; while others were designed for specific schools (e.g., high schools).

To improve its processes for promoting positive student behaviour at school, Regina Public needs to do the following. To help avoid repeating ineffective intervention strategies and ease monitoring, it needs to keep, in student files, consistent and accessible notes of decisions and steps taken to promote positive behaviour. Almost one-half of the student files we sampled (that should have had behaviour plans in them) did not. Also, these plans were not readily accessible.

Regina Public made both mandatory and optional training centrally available to staff on key division-wide initiatives. However, some staff at schools were confused as to what training was mandatory. To make sure sufficient number of trained staff are readily identifiable in the event of high-risk situations, it must communicate training expectations, and make lists of trained staff readily accessible at schools.

In addition, it needs to track and report to its Board the success of its key initiatives to promote positive student behaviour.

Maintaining facilities: Like all infrastructure, school facilities require maintenance to keep them safe and useable.

Prairie Spirit School Division No. 206—Maintaining Facilities: In 2015, Prairie Spirit spent almost $18 million to operate and maintain 35 schools located in 26 communities, a division office, a school services building, and a bus garage.

The right maintenance at the right time prevents deterioration and minimizes the cost of the facilities over their useful lives. Improper or untimely facility maintenance can lead to not only higher costs but also potential health and safety problems for students and staff.

Prairie Spirit had not formalized its maintenance processes. It has focused its maintenance activities on keeping its facilities safe for students and its staff.

It did not have a written maintenance plan for all of its facilities. Such a plan would clearly define the level of maintenance needed, when, and at what cost over the short-, medium-, and long-term.

In common with other school divisions, it had a ministry-supplied electronic asset maintenance system. Yet Prairie Spirit did not keep complete or centralized information about its facilities and their related components (e.g., heating and cooling systems). In addition, it did not set out, in writing, the minimum maintenance information it expected staff to record or the nature, extent, and frequency of inspections it expected. Rather it relied on its experienced professional maintenance staff to identify maintenance needed and to do maintenance consistent with recognized standards.

In 2014, Prairie Spirit identified structural problems in over one-third of its schools. In January 2015, it estimated it would cost over $20 million to fix these problems. However, it could not provide us with documents supporting about two-thirds of its estimated repair costs.

It routinely gave its Board reports on its facilities and maintenance. These reports focused primarily on maintenance projects underway or anticipated in the near term. It did not give reports on the condition of all facilities, timely completion of maintenance, and the nature and extent of all deferred maintenance along with its expected impact. This information would help the Board, the Ministry of Education, and public better assess its current maintenance, and necessary funding.

Keeping IT systems and data secure: Investing time and resources in IT security is critical to minimize the risk of security breaches of government systems and data.

About one-third of organizations self-reported they had experienced one or more IT security breaches in a 2014 SANS survey.

Central Services—Web Security Requirements: The Ministry of Central Services has a new IT security policy that aligns with best practices. But, at December 2015, its procedures and guidance were not sufficiently robust to guide the development and operation of secure ministry web applications.

Also, instead of a proactive approach to routinely testing the adequacy of security of ministry web applications, it relied on reporting of security incidences. Not doing routine tests increases the risk of not identifying higher-risk vulnerabilities before breaches occur.

With the Ministry's co-operation, we tested the security of 18 ministry web applications—some of these applications were new (put in operation within the last two-three years); some contained confidential personal information. We found most of the 18 applications were not sufficiently secure.

Weaknesses in web applications can allow attackers to gain access to data and applications housed in the same location (e.g., network, or data centre). This increases the risk of compromised data and disruption of government services. Having comprehensive procedures and guidance would help ensure there is an organized and consistent approach to having strong IT security across ministries.

Social Services—Protecting Children-in-Care Information in the Linkin System: The Ministry of Social Services uses Linkin (a relatively new case management IT system) to help caseworkers provide services to almost 5,000 children in care and their families. Linkin includes sensitive personal information about these children, their families, and their care providers (e.g., foster homes).

When Social Services developed Linkin, it included features to help keep the Linkin system and its data secure. However, we found it is not doing enough to keep Linkin secure during its operation.

For instance, it updated Linkin for known system weaknesses (vulnerabilities) annually instead of quarterly (i.e., when updates were available). It was not aware that since August 2015, the database on which Linkin operates no longer receives security updates from its vendor. Not having timely updates increases the system's susceptibility to breaches.

Social Services did not ensure prompt removal of unneeded user access to Linkin. For over one-half of 30 users with unneeded user access we tested, access was removed more than 10 working days after their last day of employ. Furthermore, Social Services last reviewed user access to Linkin in December 2013 instead of quarterly.

Other Performance Audits: The following is a quick recap of the other performance audits in the Report:

Finance—Monitoring the Fuel Tax Exemption Program: The Ministry of Finance needs to determine what each component of this almost $156 million Program is designed to achieve (other than reducing taxes for eligible individuals and corporations). Among a few other things, it needs to give the public more information about its tax expenditure programs. For 2015-16, the Government expected to forego about $3.9 billion of tax revenue through its various tax expenditure programs.

Gradworks Inc.—Achieving Intern Development Program Goals: Gradworks needs to verify that internship applicants possess the required educational program eligibility requirements. It also needs to report, to its partner employers and the public, what the Program achieved.

Justice—Leading the Building Partnerships to Reduce Crime Initiative: To better lead the Initiative, the Ministry of Justice needs to confirm participating agencies (e.g., policing services, health regions) accept and understand their role in facilitating earlier interventions to individuals and families with acutely elevated risks. It needs to give members of participating agencies more direction and tools to facilitate collaboration. It also needs to identify how to measure the success of the Initiative, and work with others on identifying and addressing systematic issues.

North East School Division No. 200—Increasing Grade 3 Students Reading at Grade Level: At June 2015, 66% of North East's Grade 3 students were reading at or above grade level as compared to 73% provincially. While it was doing many positive things, to increase its success in meeting the Education Sector Strategic Plan goal of 80% of Grade 3 students reading at grade level by 2020, North East needs to do the following. It needs to periodically evaluate whether its four different reading assessment tools provide teachers with the necessary information to increase student-reading levels. It also needs to work with other school divisions to develop additional guidance on exempting students from provincial reading level assessments. This would foster consistent exemption decisions.

Saskatchewan Cancer Agency—Delivering the Screening Program for Breast Cancer: The participation rate in Saskatchewan Cancer Agency's systematic population-based Screening Program has dropped by almost seven percent since 2012-13. The number of mammograms has remained relatively stable. To improve the effectiveness of its delivery of this Program, the Agency needs to do the following. It needs to evaluate the success of its promotional activities, and better engage physicians in increasing awareness of the Program. In addition, it needs to broaden its use of key quality indicators to enable analysis of the Program's success.

Saskatchewan Legal Aid Commission—Providing Legal Aid Services: The Commission handled over 14 thousand legal aid cases in 2014-15. To improve its provision of legal services to eligible clients, the Commission needs to do the following. It needs to keep up-to-date centralized information about its legal aid cases. This would ease monitoring of caseloads, and enable accurate reporting of its legal services. In addition, it needs to set out what it views as timely and quality legal aid services. This would enable it to better assess and report on its success.

Audit Follow-Ups

This section of the Report includes the results of 20 follow-ups. **Figure 1—Summary of Results of Audit Follow-Ups** summarizes the status of recommendations by agency-audit/study.

The Office remains impressed with the pace in which almost all agencies implement or work towards implementing recommendations. The Office found that agencies had implemented almost two-thirds of the recommendations it followed up, and were making good progress on implementing just over one quarter of the remaining. Three agencies—**Saskatchewan Immigrant Investor Fund Inc., Technical Safety Authority of Saskatchewan**, and **Water Security Agency**—implemented all of their recommendations within just two years.

Audit follow-ups are assessments of the sufficiency of actions taken to address recommendations made in our past performance audits, and those made by standing committees on Public Accounts and on Crown and Central Agencies from their review of our reports. We do the first follow-up either two or three years after our initial audit, and every two or three years thereafter until the recommendations are implemented.

In the Office's view, this high pace of implementation reflects a culture within most agencies of being receptive to making improvements.

In some cases, agencies may link the recommended changes with other initiatives either underway or planned, further study them, or decide to adopt them incrementally. This can slow the pace of change.

For instance, our follow-up of the 2013 Special Report on **Modernizing Government Budgeting and Financial Reporting** identified significant improvements in the Government's budgeting and financial reporting practices. Since 2013, the Government has appropriately focused its budget and financial reports on the government as a whole. It correctly stopped using information about the General Revenue Fund to explain its financial plans and results.

Because most of the recommendations in the 2013 Special Report focused on changing budgeting and financial reporting laws instead of practices, the Government's implementation of recommendations is low. The Government acknowledges changes to the laws are needed. Officials indicated they were determining potential legislative changes for the Government's consideration in the near term.

Embedding good budgeting and financial reporting practices into law helps ensure legislators and the public receive quality financial information on the Government's plans and actual results over the long term.

The **Social Services—Protection of Children in Care** follow-up noted compliance with the Ministry of Social Services' key child protection standards remains low. For example, for First Nations agencies, criminal record checks of all adults living in homes caring for a child were done only three-quarters of the time in 2014-15. Also, Ministry and related First Nations agency staff contacted a child within the first two days of placement less than one-half of the time in 2014-15.

In 2015-16, the Ministry decided to take an incremental approach to improving compliance with key child protection standards. Under the incremental approach, the Ministry and First Nations agencies with children in care have agreed to increase compliance rates by stated percentages each year until they achieve a compliance rate of 85%. Compliance with child protection standards help ensure children in care are in a suitable and safe environment.

Figure 1—Summary of Results of Audit Follow-Ups

Chapter Name	Related Initial Report[A]	Number of Recommendations	Status of Recommendations			
			Implemented	Partially Implemented	Not Implemented	No longer Relevant
Initial Follow-Ups						
Modernizing Government Budgeting and Financial Reporting	2013 Special Report	11	3	-	8	-
Economy—Nominating Qualified Immigration Applicants	2013 Report – V1	5	3	1	1	-
Government Relations—Safe Drinking Water in Northern Settlements	2012 Report – V1	10	5	5	-	-
Saskatchewan Apprenticeship and Trade Certification Commission—Enabling Apprentices to Achieve Certification	2014 Report – V1	8	6	2	-	-
Saskatchewan Immigrant Investor Fund Inc.—Operating HeadStart on a Home Program	2014 Report – V1	1	1	-	-	-
Saskatoon Regional Health Authority—Triaging Emergency Department Patients	2013 Report – V2	8	2	5	-	1
Sunrise Regional Health Authority—Infection Prevention and Control	2014 Report – V1	10	6	4	-	-
Technical Safety Authority of Saskatchewan—Inspecting Boilers and Pressure Vessels	2014 Report – V1	9	9	-	-	-
University of Regina—Procurement of Goods and Services and Disposal of Surplus Assets	2013 Report – V2	18	14	4	-	-
Water Security Agency—Regulating Public Wastewater Systems	2014 Report – V1	4	4	-	-	-
Initial Follow-Ups Subtotal		**84**	**53**	**21**	**9**	**1**
Subsequent Follow-Ups[B]						
Education—School Instruction Time for Students	2009 Report – V3 2011 Report – V2 2014 Report – V1	3	1	1	1	-
eHealth Saskatchewan—Buying IT Services	2010 Report – V1 2012 Report – V2	2	-	2	-	-
eHealth Saskatchewan—Implementing Electronic Health Records	2009 Report – V3 2012 Report – V2	4	3	1	-	-

Chapter Name	Related Initial Report [A]	Number of Recommendations	Status of Recommendations			
			Implemented	Partially Implemented	Not Implemented	No longer Relevant
Environment—Regulating Air Emissions	2004 Report – V1 2006 Report – V3 2009 Report – V3 2011 Report – V2 2013 Report – V1	3	3	-	-	-
Highways and Infrastructure—Maintaining Bridges	2011 Report – V1 2014 Report – V1	2	2	-	-	-
Highways and Infrastructure—Maintaining Highways	2010 Report – V1 2012 Report – V1	1	1	-	-	-
Justice—Monitoring Municipal Policing	2011 Report – V2 2013 Report – V2	4	4	-	-	-
Prairie North Regional Health Authority—Granting Physician Privileges	2011 Report – V1 2013 Report – V1	4	4	-	-	-
Public Employees Benefits Agency—Securing Information Systems and Data	2010 Report – V2 2014 Report – V1	1	1	-	-	-
Social Services—Protection of Children in Care[C]	2003 Report – V3 2008 Report – V3 2012 Report – V2	7	2	5	-	-
Subsequent Follow-Ups Subtotal		**31**	**21**	**9**	**1**	**-**
Overall Total		**115**	**74**	**30**	**10**	**1**

Source: Compiled by Provincial Auditor of Saskatchewan.

[A] V – means Volume.

[B] For "Subsequent Follow-Ups", the "Number of Recommendations" is the number of recommendations that remained not implemented after the previous follow-up.

[C] The related Report dates reflect the report in which one or more of the recommendations were first made. Our Office initially carried out this audit work in conjunction with its annual audit of the Ministry. Starting in 2015-16, the Office follows up these recommendations separate from the annual audit of the Ministry.

Legislative Committee Updates

This section includes two chapters—one on the Standing Committee on Public Accounts and another on the Standing Committee on Crown and Central Agencies. Each chapter provides an overview of the Committee's role and responsibilities as they relate to the work of the Office.

Each Committee is charged with reviewing audit work of the Office. Both Committees report the results of their review (findings and recommendations) to the Legislative Assembly.

2.0 ACKNOWLEDGMENTS

The Office appreciates and thanks the staff and management of all government agencies along with their appointed auditors (if any) for the co-operation it received in the completion of the work included in this Report.

Also, as Provincial Auditor, I thank the dedicated professionals in the Office (see below) for their diligence and commitment. Only through their hard work can we fulfill our mission—*We promote accountability and better management by providing Legislators and the public with an independent assessment of the government's use of public resources.*

In addition, Mobashar Ahmad, Deputy Provincial Auditor, recently retired from the Office after 36 years of service. In his capacity as Deputy Provincial Auditor—Health Division, he provided the health sector with sage audit advice. He also contributed greatly to the overall success of the Office and served the legislators and the Saskatchewan public well.

Provincial Auditor Team		
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Lam, Betty	Libby, Madison	Lindenbach, Michelle
Liu, Amber	Longstaff, Lindsay	Lowe, Kim
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Shaw, Jason	Sommerfeld, Regan	St. John, Trevor
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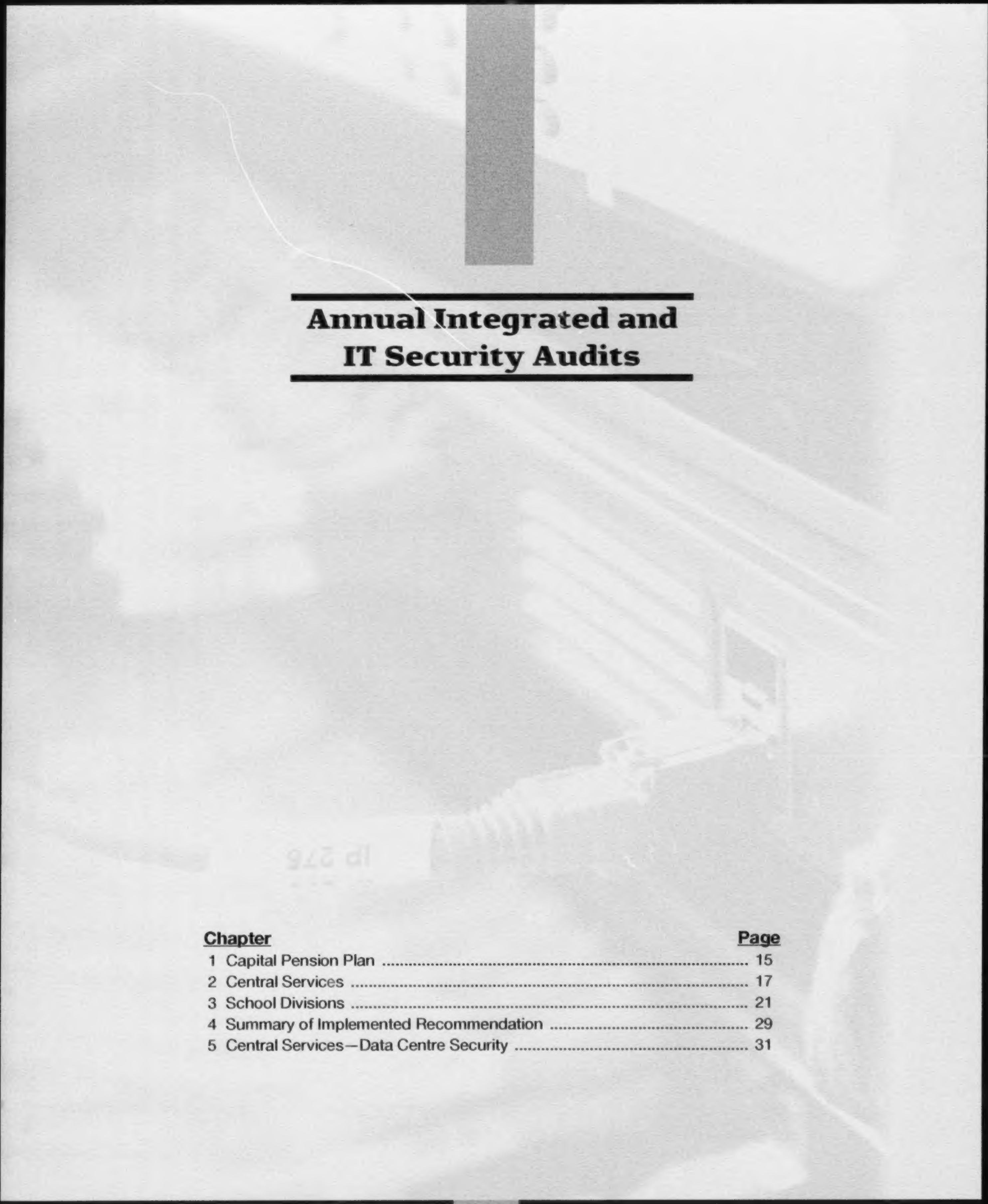
Volk, Rosemarie	Wandy, Jason	Warkentin, Megan
Watkins, Dawn	Wolfond, Josh	Yanyu, Melissa
Yee, Ken	Young, Kristen	Zerr, Jennifer



Annual Integrated and IT Security Audits

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Chapter 1
Capital Pension Plan

1.0 MAIN POINTS

Crown Investments Corporation of Saskatchewan (CIC) appropriately handled key aspects of the transfer of the defined contribution fund (DCF) component[1] of the Capital Pension Plan (Plan) to the Public Employees Pension Plan (PEPP). PEPP is another government defined contribution pension plan.

However, CIC missed completing certain steps after the completion of the June 2015 transfer of the DCF component. As a result, it did not update some of the Plan's financial records and the financial statements presented for audit contained errors. CIC corrected the financial statements prior to their finalization and approval.

The Plan's 2015 financial statements were reliable and it complied with its governing authorities.

2.0 INTRODUCTION

The Capital Pension Plan Board (Board) is responsible for administering the Capital Pension Plan, a closed and registered pension plan.[2] Up to June 25, 2015, the Plan consisted of two funds – the defined contribution fund and the retirement annuity fund (RAF). After that date, the Plan consisted only of the RAF. Participating employers in the DCF component included CIC, some of its subsidiary Crown corporations (e.g., Saskatchewan Government Insurance), other government entities, and private sector employers.

Effective June 25, 2015, the Plan transferred the DCF component, with account balances of about $1.3 billion, to PEPP.[3] Also, effective July 1, 2015, the Board contracted the responsibility for the day-to-day Plan administration from CIC to the Public Employees Benefits Agency (PEBA). CIC remained responsible for the preparation of the Plan's 2015 financial statements for the Board's approval.

At December 31, 2015, the Plan had net assets of $37.8 million (2014: $1.3 billion), owed $30.9 million for annuities (2014: $30.8 million) and had a surplus of $6.9 million (2014: $1.3 billion).[4]

3.0 AUDIT CONCLUSIONS AND SCOPE

Our Office worked with Deloitte LLP, the appointed auditor, to carry out the audit of the Plan. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.[5]

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[1] The DCF component received and held, in trust, member and employer contributions as well as the related investment income earned on those contributions.

[2] The Plan is registered under *The Income Tax Act* (Canada) and *The Pension Benefits Act, 1992* (Saskatchewan). It continues under *The Crown Corporations Act, 1993*. Since July 1, 2015, the Plan has not accepted new members (i.e., a closed pension plan).

[3] Capital Pension Plan 2015 audited financial statements.

[4] Ibid.

[5] See our website at www.auditor.sk.ca.

In our opinion, for the year ended December 31, 2015:

- **The Plan had reliable financial statements**
- **The Board had effective rules and procedures to safeguard the Plan's public resources except for the matter reported in this chapter**
- **The Board complied with the following authorities governing the Plan's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

Text of the Capital Pension Plan
The Crown Corporations Act, 1993 (Sections 6(1)(t), 8, and 33(2))
The Pension Benefits Act, 1992 (Saskatchewan)
The Pension Benefits Regulations, 1993 (Saskatchewan)
The Pension Benefits Standards Regulations (Canada) (Schedule iii)
The Income Tax Act (Canada) (Sections 147.1 and 147.3)
The Income Tax Regulations (Canada) (Sections 8501, 8502, 8506, 8512, 8514)

We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Plan's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

4.0 KEY FINDING

4.1 Certain Steps Missed Post DCF Component Transfer

CIC did not reconcile the records of the custodian (who previously held the investments of the DCF component) to the investment amounts in the Plan's financial records after the June 2015 transfer of the DCF component of the Plan. This reconciliation would have confirmed whether all DCF investments were transferred to PEPP, and the Plan's financial records were correct.

In June 2015, CIC directed the custodian to notify PEBA about any remaining DCF investments (e.g., dividends or other income received subsequent to the transfer date). Upon notification, PEBA was responsible to transfer these investments to PEPP.

The audit identified that the custodian held $528 thousand of DCF investments (i.e., cash) at December 31 2015. PEBA had not yet transferred this cash to PEPP and CIC did not record it in the Plan's financial records. As a result, the financial statements presented for audit contained errors.

CIC corrected the financial statements prior to their finalization and approval. As noted above, the Plan's final 2015 financial statements were reliable. After year-end, PEBA transferred the remaining DCF investments to PEPP.

Also, CIC did not have readily available, documentation supporting certain DCF component amounts it had disclosed in the Plan's financial statements presented for audit (e.g., detailed breakdown of contributions).

CIC management indicated that these issues resulted primarily from turnover of CIC staff and key management responsible for accounting for and overseeing the Plan.

Chapter 2
Central Services

1.0 MAIN POINTS

This chapter reports the results of the annual audit of the Ministry of Central Services (Central Services) for the year ended March 31, 2015.

Central Services complied with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

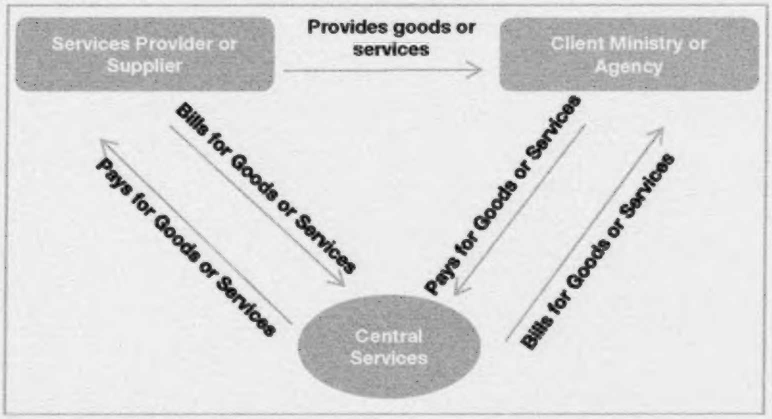
Central Services had effective rules and procedures to safeguard public resources except that it needs to follow its established procedures to promptly remove user access to computer systems and data. If former employees do not have access removed promptly, it increases the risk of inappropriate access to Central Services' systems and data.

2.0 INTRODUCTION

The mandate of Central Services is to provide "central coordination and delivery of property management, information technology, project management, procurement, transportation, and other support services (such as email and mail services) to Government ministries and agencies."[1]

Its mandate includes the responsibility for developing, procuring, and providing the goods and services to its client ministries and agencies.[2] As shown in **Figure 1**, Central Services engages and pays service providers and suppliers for goods and services provided to ministries and agencies; it recovers the cost of these goods and services from the ministries and agencies who receive them.

Figure 1—Ministry of Central Services Cost Recovery of Goods and Services Purchased on Behalf of its Client Ministries and Agencies


Services Provider or Supplier
Provides goods or services
Client Ministry or Agency
Bills for Goods or Services
Pays for Goods or Services
Pays for Goods or Services
Bills for Goods or Services
Central Services

Source: Provincial Auditor of Saskatchewan.

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[1] Ministry of Central Services, *2014-15 Annual Report*, p. 4.
[2] *The Ministry of Central Services Regulations.*

As of March 31, 2015, Central Services employed 898 full-time equivalent employees. It owned approximately 4,200 vehicles and 6 aircraft, and leased or owned 688 buildings in 150 communities for use across the government.

2.1 Financial Overview

At March 31, 2015, Central Services owned buildings with a replacement value of $4.3 billion.[3] During 2014-15, Central Services tendered $140 million in goods and services on behalf of government ministries and agencies.[4]

As shown in **Figure 2**, in 2014-15, Central Services spent $440 million, including $23 million for capital asset acquisitions.[5] In 2014-15, Central Services recovered $379 million of its costs from ministries and agencies for the services it provides.

Figure 2—Expenses by Major Programs for 2014-15

	Estimates[A]	Actual			
		Gross Expense	Recovered from:		Net Expense
			Ministries & Public Agencies[B]	External Clients[C]	
	(in millions)				
Central Management and Services	$ 0.05	$ 0.05	$ --	$ --	$ 0.05
Property Management	7.06	187.01	(128.46)	(45.76)	12.79
Transportation and Other Services	8.82	70.50	(39.64)	(19.34)	11.52
Project Management	--	38.18	(35.69)	(2.49)	--
Information Technology Division	18.49	121.82	(104.34)	(3.17)	14.31
Major Capital Asset Acquisitions	33.27	22.82	--	--	22.82
Total Appropriation	67.69	440.38	(308.13)	(70.76)	61.49
Capital Asset Acquisitions	(33.27)	(22.82)	--	--	(22.82)
Commercial Activity Deficit	--	--	--	(0.96)	(0.96)
Capital Asset Amortization	0.42	--	--	--	--
Total Expense	$ 34.84	417.56	(308.13)	(71.72)	$ 37.71

Source: Ministry of Central Services, *2014-15 Annual Report*, pp. 18-19.

[A] Estimates presented net of expected recovery of costs from client ministries, public agencies, and external clients of $303.8 million.

[B] Ministries and Public Agencies include ministries and agencies that are part of the General Revenue fund, including Officers of the Legislative Assembly and other agencies such as the Public Service Commission and Executive Council.

[C] External Agencies are agencies not included in the General Revenue Fund, such as regional health authorities.

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[3] Ministry of Central Services, *2014-15 Annual Report*, p. 4.

[4] Ibid, p. 4.

[5] Ibid, p. 17.

3.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2015:

- **Central Services had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- **Central Services complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Economic and Co-operative Development Act (section 8(c), 9(1)(h), and 9(3))
The Information Technology Office Service Regulations
The Ministry of Central Services Regulations
The Public Works and Services Act
The Purchasing Act, 2004
The Purchasing Regulations
The Crown Employments Contracts Act
The Revenue and Financial Services Act
The Executive Government Administration Act
The Financial Administration Act, 1993
Orders in Council issued pursuant to the above legislation

We used the control framework published by CPA Canada to make our judgments about the effectiveness of Central Services' controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

During our audit, we paid particular attention to Central Services' controls over managing its capital assets (e.g., verifying their existence, dispositions), tendering of and paying for construction contracts for building maintenance or improvements, and for managing assets and services procured on behalf of its client ministries and agencies and recovering the costs of those assets and services.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Prompt Removal of Unneeded User Access Needed

We recommended that the Ministry of Central Services follow its established procedures for removing user access to its computer systems and data. (2011 Report – Volume 2; Public Accounts Committee agreement June 25, 2012)

Status – Partially Implemented

While Central Services has processes for promptly removing user access from individuals who are no longer in its employ, staff continue to not always follow these processes. Its procedures include sending reminders to managers about its processes, regularly reviewing user access, and using a checklist.

Two out of ten individuals we tested did not have network access removed promptly (i.e., within 48 hours). Instead, access was removed 3 and 84 days after their last day of employ. Also, four out of six individuals we tested did not have MIDAS[6] user access removed promptly. Even though Central Services had identified the need to remove access to these individuals through its review process, access was not removed until 4 to 31 days after their last day of employ.

Not removing unneeded user access promptly increases the risk of inappropriate access to Central Services' computer systems and data.

4.2 Shared Ownership Agreements Accounting

We recommended that the Ministry of Central Services (transferred from the Ministry of Education) follow Canadian generally accepted accounting principles for the public sector when accounting for assets constructed under shared ownership agreements. (2013 Report – Volume 2; Public Accounts Committee agreement June 17, 2014)

Status – Partially Implemented

In 2014-15, the Ministry of Education transferred almost $72 million of capital assets to Central Services.[7] These reflected a portion of assets constructed under contractual agreements for certain capital projects (referred to as shared ownership agreements) with seven school divisions. As reported in our *2015 Report – Volume 2*, Chapter 5, the Ministry of Education had not followed Canadian generally accepted accounting principles for the public sector (GAAP) when it accounted for these assets in that these school divisions fully own and account for these assets in their accounting records and audited financial statements.

After receipt of the assets from the Ministry of Education, Central Services has continued with the improper accounting. At March 31, 2015, it had overstated its tangible capital assets by $71.9 million, and amortization expenses by $755 thousand.

Because Central Services and the school divisions are both part of the Government, how Central Services accounts for these assets does not affect the accuracy of the Government's Summary Financial Statements.[8]

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[6] Multi-Informational Database Applications System (MIDAS) financials includes modules for general ledger, cash management, accounts payable, accounts receivable, purchasing, payments, forecasting, capital assets, and inventory. It accounts for financial transactions of government ministries. The Ministry of Finance owns and administers this application.

[7] Per section 7 of *The Public Works and Services Act*, all property within Saskatchewan that has been constructed, and are not assigned to any other minister or ministry by law are to remain under the control of the Minister of Central Services.

[8] During the preparation of the Summary Financial Statements, the Ministry of Finance makes adjusting entries to eliminate these assets and related expense recorded by the Ministry of Central Services.

Chapter 3
School Divisions

1.0 MAIN POINTS

This chapter reports the results of the annual audits of the 28 school divisions for the year ended August 31, 2015. The 2014-15 financial statements of each of these school divisions are reliable, and each complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

Twenty-two school divisions had effective rules and procedures to safeguard public resources. We make recommendations for improvements to five school divisions. Chinook and Northern Lights school divisions continue to need to test their information technology (IT) disaster recovery plans. Holy Trinity and Lloydminster Public need to check their payments are proper before issuing cheques. Ile-a-la Crosse needs to develop complete financial management policies and procedures, including an appropriate policy around journal entries.

For the Conseil scolaire fransaskois, we plan to follow up on the status of our recommendations reported in our *2015 Report – Volume 1*, Chapter 4, in the summer of 2016. We plan to report the results of our work in our *2016 Report – Volume 2*.

2.0 INTRODUCTION

The Education Act, 1995 and regulations set out the roles and responsibilities of the Ministry of Education (Ministry) and Saskatchewan's 28 school divisions (see **Section 6.0**). Over 173,000 students attend more than 700 Saskatchewan schools each day.[1]

The Ministry is responsible for providing leadership and direction to the Prekindergarten through Grade 12 education sector. This includes providing leadership and coordination for preparing goals, objectives, and educational planning for the present and future growth and development of the educational system.

Elected boards of education (school boards), including the Conseil scolaire fransaskois (French language schools), are responsible for administering and managing provincially funded schools (i.e., public, separate, or French language).

At August 31, 2015, the school divisions held combined net financial assets of $188 million (2014: $207 million) and non-financial assets of $1.9 billion[2] (2014: $1.8 billion). For 2014-15, the school divisions had combined revenue totalling $2.2 billion (2013-14: $2.1 billion) including $1.3 billion (2013-14: $1.3 billion) from the Ministry and $676 million (2013-14: $650 million) from property taxes, and combined expenses totalling $2.1 billion (2013-14: $2.1 billion).

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[1] www.education.gov.sk.ca/edfinance/provschool-enrolment/ (3 March 2016); Saskatchewan schools do not include schools under the responsibility of First Nations or private schools.

[2] The majority of the balance of non-financial assets consists of capital assets.

3.0 AUDIT CONCLUSIONS AND SCOPE

Our Office worked with appointed auditors (see **Section 6.0**) to carry out the annual integrated audits of the school divisions. We followed the framework in the *Report of the Task Force on Roles, Responsibilities, and Duties of Auditors.*[3]

In our opinion, for the year ended August 31, 2015:

- **Each school division complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

  The Education Act, 1995
  The Education Regulations, 1986
  The Financial Administration Act, 1993 (section 38)
  The Pension Benefits Act, 1992 (section 44)
  The Pension Benefits Regulations, 1993 (section 38)
  Pension Benefit Standards Regulations, 1985 (Canada) (sections 9[1], 11[1])

- **The financial statements of each school division are reliable**

- **Other than the Conseil scolaire fransaskois, each school division had effective rules and procedures to safeguard public resources except for the matters related to the following school divisions: Chinook, Holy Trinity, Ile-a-la Crosse, Lloydminster Public, and Northern Lights**

  For the Conseil scolaire fransaskois, we plan to follow up on the status of our recommendations reported in our *2015 Report – Volume 1*, Chapter 4, in the summer of 2016. We plan to report the results of our work in our *2016 Report – Volume 2*.

We used the control framework published by CPA Canada to make our judgments about the effectiveness of each school division's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

As school divisions' expenses consist primarily of payroll and other goods and services, each audit included examining processes for preparing and processing payroll, and ordering, paying for, and receiving goods and services. Also as each school division uses information technology systems to operate, we examined school divisions' processes to safeguard financial-related information technology systems and data.

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[3] See our website at www.auditor.sk.ca.

4.0 KEY FINDINGS AND OUTSTANDING RECOMMENDATIONS BY SCHOOL DIVISION

4.1 Chinook School Division No. 211

4.1.1 Tested IT Disaster Recovery Plan Needed

We recommended that Chinook School Division No. 211 approve and test its information technology disaster recovery plan. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)

Status – Partially Implemented

In June 2015, Chinook School Division No. 211 (Chinook) approved an IT disaster recovery plan, but, by the fall of 2015, it had not tested it. Without testing its IT disaster recovery plan, the school division does not know if it could continue to deliver its programs and services if disruption or damage occurred to its IT systems (e.g., accounting system).

4.2 Holy Trinity Roman Catholic Separate School Division No. 22

4.2.1 Payments Made Without Proper Authority

During 2014-15, Holy Trinity Roman Catholic Separate School Division No. 22 (Holy Trinity) made certain payments (e.g., purchase card purchases, employee expense claims) without proper authority.

During the year, Holy Trinity spent $1.5 million using purchase cards, and paid $124 thousand in employee expense claims. The Division's purchasing policy requires an appropriate authority (e.g., supervisor) review and approve items prior to payment. Holy Trinity did not follow its purchasing policy for purchases made by employees that have budget oversight (e.g., superintendents, principals).

Inadequate review and approval of payments increases the risk of inappropriate charges to the school division, or payments for goods or services never received by the school division.

1. **We recommend that Holy Trinity Roman Catholic Separate School Division No. 22 only pay for purchases that are properly authorized.**

4.3 Ile-a-la Crosse School Division No. 112

4.3.1 Independent Review and Approval of Journal Entries Needed

We recommended that Ile-a-la Crosse School Division No. 112 formally document and implement a policy for recording amounts (i.e., journal entries) in its accounting records including independent review and approval. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)

Status – Not Implemented

During 2014-15, Ile-a-la Crosse School Division No. 112 (Ile-a-la Crosse) implemented a policy for recording journal entries. However, the policy did not include independent review and approval by another person of those entries. Lack of independent review and approval increases the risk of unauthorized entries made into the accounting records, which could result in decision makers using inaccurate financial information.

4.3.2 Financial Management Policies and Procedures Incomplete

By August 2015, Ile-a-la Crosse had not completed a risk assessment to determine the policies and procedures it requires to manage its financial risks.

Typically, an agency bases its financial management policies and procedures on an assessment of its risks. Policies and procedures set out expectations for the financial operations of an agency. Policies and procedures also help staff complete their work accurately and consistently over time, facilitate supervision of staff, and ease transition in the event that key financial staff leave the organization.

2. **We recommend that Ile-a-la Crosse School Division No. 112 develop financial management policies and procedures to address its financial risks.**

4.4 Lloydminster Public School Division No. 99

4.4.1 Review and Approval of Cheque Registers Needed

From April to August 2015, Lloydminster Public School Division No. 99 did not review and approve cheque registers prior to issuing payments (e.g., printing of cheques that the accounting system automatically signs for payment). Review of cheque registers confirms the accuracy, appropriateness, and proper authorization of charges before recording the payments in its accounting records and making payments. Without review and approval of cheque registers, there is a risk of inappropriate charges to the school division, or payments for goods or services never received by the school division.

3. We recommend that Lloydminster Public School Division No. 99 review and approve cheque registers prior to printing signed cheques for payment.

4.5 Northern Lights School Division No. 113

4.5.1 Tested IT Disaster Recovery Plan Needed

We recommended that Northern Lights School Division No. 113 approve and test its information technology disaster recovery plan. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)

Status – Partially Implemented

By August 2015, we found that Northern Lights School Division No. 113 (Northern Lights) had completed, approved, and implemented an IT disaster recovery plan. However, it had not yet tested its plan. Without a tested IT disaster recovery plan, the school division does not know if it could continue to deliver its programs and services if disruption or damage occurred to its IT systems (e.g., accounting system).

5.0 IMPLEMENTED RECOMMENDATIONS BY SCHOOL DIVISION

Figure 1 sets out, by school division, past recommendation(s) and highlights key actions taken to implement each of them during 2014-15.

Figure 1—Implemented Recommendations by School Division

Past Recommendation (Initial PAS Report, Date of Agreement of PAC)*	Key Actions Taken During 2014-15 to Implement Recommendations
Chinook School Division No. 211	
We recommended that Chinook School Division No. 211 establish adequate information technology security policies. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)	During the year, Chinook approved adequate IT security policies.
Horizon School Division No. 205	
We recommended that Horizon School Division No. 205 prepare regular performance evaluations for management. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)	By August 2015, Horizon School Division No. 205 had updated its documentation of job descriptions for key management positions, and had completed performance evaluations for staff in these positions.

Past Recommendation (Initial PAS Report, Date of Agreement of PAC)*	Key Actions Taken During 2014-15 to Implement Recommendations
Light of Christ Roman Catholic Separate School Division No. 16	
We recommended that Light of Christ Roman Catholic Separate School Division No. 16 periodically verify the existence of its physical assets. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	During 2014-15, Light of Christ Roman Catholic Separate School Division No. 16 (Light of Christ) implemented controls over the recording and monitoring of physical assets (e.g., vehicles, furniture and equipment), including implementing software to assist with the tracking of physical assets.
We recommended that Light of Christ Roman Catholic Separate School Division No. 16 document procedures for collecting and disbursing school generated funds. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	During 2014-15, Light of Christ developed and documented procedures for school staff to follow for collecting and recording revenues, and for dispersing school generated funds.
We recommended that Light of Christ Roman Catholic Separate School Division No. 16 prepare regular performance evaluations for management. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	By August 2015, Light of Christ completed performance evaluations for its senior management.
Northern Lights School Division No. 113	
We recommended that Northern Lights School Division No. 113 complete the necessary assessments to estimate the costs to remediate contaminated sites it owns. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	By August 2015, Northern Lights obtained the necessary assessments to reasonably estimate its costs to remediate the contaminated sites it owns. Northern Lights' 2014-15 financial statements included this estimate.
We recommended that Northern Lights School Division No. 113 establish information technology security policies. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	During the 2014-15 year, Northern Lights implemented IT security policies that included requirements for changing passwords regularly, and restricting access to software and systems to authorized personnel.
Prairie Spirit School Division No. 206	
We recommended that Prairie Spirit School Division No. 206 independently review and approve all purchase card transactions. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	During 2014-15, Prairie Spirit School Division No. 206 (Prairie Spirit) changed its purchasing processes to require independent review and approval of purchase card transactions made by senior management and principals.
We recommended that Prairie Spirit School Division No. 206 formally document and implement a policy for recording journal entries in its accounting records including independent review and approval. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	During 2014-15, Prairie Spirit implemented a process for independent review and approval of journal entries.
Regina School Division No. 4	
We recommended that Regina School Division No. 4 establish financial reporting controls to ensure those responsible for the preparation of financial statements obtain sufficient information to estimate the costs to remediate contaminated sites it owns. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	By August 2015, Regina School Division No. 4 established financial reporting controls in this area, and obtained the necessary assessments to determine a reasonable estimate of the costs to remediate the contaminated sites it owns. Its 2014-15 financial statements included this estimate.
We recommended that Regina School Division No. 4 independently review and approve bank reconciliations. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	During 2014-15, Regina School Division No. 4 appropriately reviewed and approved its bank reconciliations.

Past Recommendation (Initial PAS Report, Date of Agreement of PAC)*	Key Actions Taken During 2014-15 to Implement Recommendations
Sun West School Division No. 207	
We recommended that Sun West School Division No. 207 appropriately restrict access to the chart of accounts in its accounting software. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	By August 2015, Sun West School Division No. 207 (Sun West) restricted access to the chart of accounts in its accounting software to the appropriate personnel.
We recommended that Sun West School Division No. 207 follow its existing information technology security policies. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)	During 2014-15, Sun West followed its existing information technology security policies, including installing security patches (i.e., updates) to its software programs on a regular basis.

* PAS – Provincial Auditor of Saskatchewan.
PAC – Standing Committee on Public Accounts.

6.0 EXHIBIT—SCHOOL DIVISIONS, APPOINTED AUDITORS, AND OUR PARTICIPATION

This exhibit lists the school divisions, their appointed auditors, and our participation for the year ended August 31, 2015. Our Office works with each appointed auditor in the audits of school divisions' financial statements, processes to safeguard public resources, and compliance with authorities, and varies the extent of our involvement as shown below.

School Division	Appointed Auditor (at August 31, 2015)	PAS Participated in Audit*
Chinook School Division No. 211	Stark & Marsh CPA LLP	Note 1
Christ the Teacher Roman Catholic Separate School Division No. 212	Miller Moar Grodecki Kreklewich & Chorney	Note 1
Conseil des écoles fransaskoises No. 310 (Conseil scolaire fransaskois)	Deloitte LLP	Note 1
Creighton School Division No. 111	Kendall & Pandya	Note 1
Englefeld Protestant Separate School Division No. 132	MNP LLP	Note 1
Good Spirit School Division No. 204	Miller Moar Grodecki Kreklewich & Chorney	Yes
Holy Family Roman Catholic Separate School Division No. 140	Cogent Business Consulting	Note 1
Holy Trinity Roman Catholic Separate School Division No. 22	Virtus Group LLP	Note 1
Horizon School Division No. 205	MNP LLP	Note 1
Ile-a-la Crosse School Division No. 112	Vantage Chartered Professional Accountants	Note 1
Light of Christ Roman Catholic Separate School Division No. 16	Vantage Chartered Professional Accountants	Note 1
Living Sky School Division No. 202	Holm Raiche Oberg	Yes

School Division	Appointed Auditor (at August 31, 2015)	PAS Participated in Audit*
Lloydminster Roman Catholic Separate School Division No. 89	Wilkinson Livingston Stevens LLP	Note 1
Lloydminster Public School Division No. 99	Wilkinson Livingston Stevens LLP	Note 1
North East School Division No. 200	MNP LLP	Note 1
Northern Lights School Division No. 113	MNP LLP	Note 1
Northwest School Division No. 203	Cogent Business Consulting	Note 1
Prairie South School Division No. 210	Stark & Marsh CPA LLP	Yes
Prairie Spirit School Division No. 206	Deloitte LLP	Yes
Prairie Valley School Division No. 208	MNP LLP	Yes
Prince Albert Roman Catholic Separate School Division No. 6	MNP LLP	Yes
Regina Roman Catholic Separate School Division No. 81	Dudley & Company LLP	Note 1
Regina School Division No. 4	MNP LLP	Yes
Saskatchewan Rivers School Division No. 119	Deloitte LLP	Note 1
Saskatoon School Division No. 13	Deloitte LLP	Yes
South East Cornerstone School Division No. 209	Virtus Group LLP	Note 1
St. Paul's Roman Catholic Separate School Division No. 20	Deloitte LLP	Yes
Sun West School Division No. 207	Close Perkins & Hauta	Note 1

Source: Provincial Auditor of Saskatchewan 2016.

* PAS – Provincial Auditor Saskatchewan.

Note 1: We reviewed the opinions of the appointed auditor on the reliability of financial statements, effectiveness of processes to safeguard public resources, and compliance with authorities. We also reviewed the summary of errors and management letters to school boards issued by each of the appointed auditors. Where necessary, we followed up with the appointed auditor to clarify issues reported.

Chapter 4
Summary of Implemented Recommendation

1.0 MAIN POINTS

This chapter provides an update on a recommendation that was implemented and the agency is not discussed elsewhere in this Report.

2.0 SUMMARY OF IMPLEMENTED RECOMMENDATION

Figure 1 sets out, by agency, the recommendation and highlights key actions taken by the agency to implement its recommendation.

Figure 1—Implemented Recommendation

Past Recommendation (Initial PAS Report, Date of Agreement of PAC)*	Key Actions Taken During 2015 to Implement Recommendation
Municipal Employees' Pension Plan	
We recommended that the Municipal Employees' Pension Commission direct the Plan's administrator to establish additional financial reporting controls to ensure those responsible for the preparation of the Plan's financial statements obtain sufficient information to appropriately disclose risks relating to investments in the Plan's financial statements. (2013 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)	The Plan's administrator, the Public Employees Benefits Agency (PEBA), implemented additional financial reporting controls over the Plan's investments. PEBA accounting and investment staff documented their assessment of all new private equity and infrastructure agreements for any related financial reporting or accounting implications. The Plan's 2015 financial statements included sufficient disclosure of the risks associated with the Plan's investments.

* PAS – Provincial Auditor of Saskatchewan.
PAC – Standing Committee on Public Accounts.

Chapter 5
Central Services—Data Centre Security

1.0 MAIN POINTS

The Ministry of Central Services (Central Services) provides information technology (IT) services to government ministries and some other government agencies (clients). Central Services uses a data centre, operated by a third-party service provider, to deliver IT services to Central Services clients on its behalf. The data centre houses computer network equipment and servers that support client systems and data.

Each year, we examine whether Central Services has effective processes to secure the data centre. For the period January 1, 2015 to December 31, 2015, Central Services addressed three of our five recommendations. However, the remaining two areas continue to require attention. We found that Central Services had effective processes to secure the data centre except it needs to:

- Properly update and configure all network equipment and servers
- Have an approved and tested plan to recover critical systems and data in the event of a disaster

As a result, there is continued risk that systems and data will not be available to clients when required, or that systems or data may be inappropriately modified or accessed.

2.0 INTRODUCTION

This chapter reports the results of our 2015 audit of whether the Ministry of Central Services had effective processes to secure the data centre. See **Section 6.0 Glossary** for the definition of IT terms used throughout this chapter.

Central Services is responsible for developing, implementing, monitoring, and enforcing IT security policies and standards for its clients.[1] In addition, it is responsible for buying and providing IT goods and services.

It is also responsible for providing a secure data centre to house client applications and data. Central Services is to provide guidance, policies, and monitoring to help clients protect their IT applications and data.

Central Services' clients include 15 ministries and 10 government agencies (see **Section 5.0** for details). Central Services has agreements with each of its clients. These agreements outline the specific IT services Central Services will provide to each.

Central Services provides its IT services primarily on a cost-recovery basis; that is, clients pay for services Central Services provides directly or obtains them through service providers on their behalf. In 2014-15, Central Services spent $121.8 million, recovering $107.5 million from its clients.[2]

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[1] *The Ministry of Central Services Regulations, 2012;* this includes responsibility for IT information and records management.
[2] Ministry of Central Services, *2014-15 Annual Report*, p. 19.

As shown in **Figure 1**, Central Services provides some IT services directly; it engages service providers to provide others (e.g., operating the data centre) at an annual cost of $27 million.[3,4] While it uses a service provider, Central Services remains responsible for meeting the security requirements set out in its agreements with clients.

Central Services' agreement with its data centre service provider sets out the roles and responsibilities of both Central Services and the data centre service provider.

Figure 1—IT Services Central Services Provides to Clients

Central Services Provides Directly	Data Centre Service Provider Provides
Developing and implementing IT security policies and programs for its clients Maintaining a help desk to respond to client requests (e.g., granting/removing access to systems/data, password resets) and to help resolve problems encountered by client staff Monitoring and following up on security threats identified by security tools (e.g., firewalls) Reviewing and following up on security information provided by its service providers Providing computers to client staff Supporting application development and change management	Operating the data centre in which client applications reside; the data centre includes: - all servers that operate the network and host applications (that is, hold the computer programs that store and work with client information) - network and telecommunications equipment that allow computers to send/receive data - systems used to backup data Implementing physical security controls to prevent unauthorized access to the data centre Configuring, managing, and maintaining data centre and all related equipment as mutually agreed upon with Central Services Revisiting mutually agreed upon requirements on a periodic basis (e.g., every 12 months) Reporting annually to Central Services on compliance with agreed-upon requirements Remedying equipment not in compliance with agreed upon requirements or seeking Central Services' exemption to requirements. For example, Central Services may exempt a server from receiving security updates if there is a risk that applications on that server may not run properly with the latest server updates.

Source: Provincial Auditor of Saskatchewan (2016).

Central Services indicates that it delivers to its clients IT services covering thousands of electronic assets (e.g., almost 7,000 desktop computers and over 5,000 laptops) and 1,150 applications. Over 12,000 staff of its clients located throughout the province use these IT equipment and applications.

2.1 Importance of Effective Security Processes

Information technology allows people to access systems and data from anywhere in the world at any time. This opportunity creates a corresponding challenge—how to effectively secure systems and data against cyberattacks[5] that can come from anywhere including IT security breaches by those inside the network.

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[3] Central Services or its predecessors directly operated a data centre from 2005 until December 2010. Following this, Central Services outsourced these services to a third-party service provider.

[4] *2014-15 Public Accounts of the Government of Saskatchewan – Volume 2*, p. 52.

[5] Cyberattacks include the unintentional or unauthorized access, use, manipulation, or destruction (via electronic means) of electronic information and/or the electronic and physical infrastructure used to process, communicate and/or store that information.

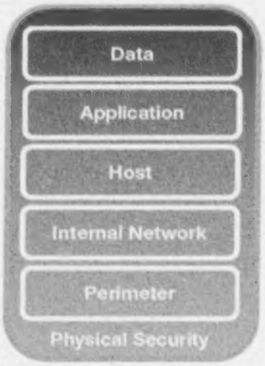
Public Safety Canada has reported that the frequency and severity of cyberattacks is accelerating.[6] Employees inside organizations perpetrate purposely an estimated 31% of IT security breaches; actions of employees inadvertently cause another 23% (e.g., accidentally opening a malicious email).[7]

The Saskatchewan Government is not immune to the threat of security breaches; nor can it ever fully protect itself against all cyberattacks. Human error or intentional malicious acts will always make systems and data susceptible to attacks. However, well-secured systems can better defend against attacks, detect potential failures, and limit loss if a breach of systems and data occur.

To protect against the many ways that an attacker may attempt to gain access to systems and data, many organizations apply a defense-in-depth strategy as outlined in **Figure 2**. The principle of defense-in-depth is that layered security mechanisms as a whole increase security of systems.

Figure 2—Defense-in-Depth

The diagram to the right illustrates the common layers where security may be implemented. If an attack causes one security mechanism to fail, other mechanisms may still provide the necessary security to protect the system. Due to the ongoing discovery of new security weaknesses and given that no security mechanism is foolproof, securing only one layer (e.g., perimeter) is not adequate. It is important that security be addressed at all layers based on assessed risk (i.e., defense-in-depth).



Source: Diagram from The Business Forum, Antivirus Defense-In-Depth Guide (2015).

The data centre includes the components reflected in the diagram in **Figure 2**. Central Services is responsible for physical security of the data centre, and the security of the perimeter, internal network, and hosts (i.e., servers). Security for each of these layers help protect the systems and data that reside within the data centre against hacking. Clients are responsible for the security of their applications (i.e., systems) and data.

A weakness involving one or more clients or the data centre can pose risks to all client applications and data within the data centre. For example, employees may inadvertently introduce virus threats to the network, or data centre staff with access to install programs on the network (e.g., system administrators) may inadvertently, or purposefully damage data or access it without proper authority.

Central Services must make certain its data centre service provider implements effective security processes, and its clients adhere to effective security requirements. Without effective security controls, someone could gain unauthorized access, inappropriately access confidential information, inappropriately modify systems or data, or perform acts that could affect availability of systems and data.

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[6] www.publicsafety.gc.ca/cnt/rsrcs/pblctns/cbr-scrt-strtgy/cbr-scrt-strtgy-eng.pdf, p. 3 (19 March 2016).
[7] IBM, *IBM 2015 Cyber Security Intelligence Index*, (2014).

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of our audit was to assess whether the Ministry of Central Services had effective processes to secure the data centre for the period of January 1, 2015 to December 31, 2015.

The audit did not assess the effectiveness of security controls (e.g., user access controls) for specific client applications (e.g., financial accounting or payroll applications) because this is the responsibility of clients and not Central Services.

We examined both Central Services' and its data centre service provider's controls and processes used to secure the data centre, including network device configuration, server patch levels, and physical security at the data centre. We interviewed Central Services and service provider staff. We also examined Central Services' agreements, minutes, reports, and policies.

To conduct our audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Central Services' processes, we used criteria (see **Figure 3**) based on the work of other auditors and literature listed in the selected references. The criteria are primarily based on *The Trust Services Principles, Criteria, and Illustrations* authored by the Chartered Professional Accountants of Canada and the American Institute of Certified Public Accountants. Central Services management agreed with the criteria.

Figure 3—Audit Criteria

1. **Demonstrate management commitment to security**
    - 1.1 Have an effective agreement with its service provider
    - 1.2 Effective threat and risk assessments are performed
    - 1.3 Management approves effective policies and procedures
    - 1.4 Management effectively monitors security including its service provider
2. **Protect the data centre from unauthorized access**
    - 2.1 Effective user access controls protect the data centre from unauthorized access
    - 2.2 Effective physical security controls protect the data centre from unauthorized access
3. **Ensure the availability of data centre**
    - 3.1 Effective backup processes exist and are followed
    - 3.2 Effective disaster recovery plans exist and are tested
4. **Ensure the integrity of systems and data**
    - 4.1 Effective change management processes exist and are followed
    - 4.2 Effective operational processes exist and are followed

We concluded that, for the period of January 1, 2015 to December 31, 2015, the Ministry of Central Services had, except for the following areas, effective processes to secure the data centre. Central Services needs to:

- **Adequately secure all key servers and network equipment**
- **Have an approved and tested plan for the data centre in the event of a disaster**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out our key findings and recommendations.

4.1 Need to Adequately Secure Servers and Network Equipment

We recommended that the Ministry of Central Services adequately configure and update its server and network equipment to protect them from security threats. (2012 Report – Volume 2; Public Accounts Committee agreement September 23, 2014)

Status – Partially Implemented

Adequate Network Configuration Needed

Central Services continues to lack information from clients about the classification (e.g., level of sensitivity) of the data residing on servers within the data centre. Central Services needs this information so that it can work with its clients to determine the appropriate security level for the data (i.e., provide stronger security controls for confidential information such as social insurance numbers). Once it knows the appropriate level of security, it must work with its service provider to place applications and data on servers, within a network structure designed to provide the required level of security.

By December 2015, Central Services had not finished documenting which client data resides on which particular servers. It also had not established separate parts of the network to differentiate security controls based on data classification. Without this work complete, Central Services and clients may not have effective security controls implemented for protecting applications with sensitive data.

As in prior years, Central Services used firewalls to help protect its data centre from hackers. Central Services located data centre firewalls at appropriate locations, and monitored reported security events. However, we found that the firewalls (at the data centre and at client locations) were not properly configured. For example, Central Services' data centre firewall rules did not sufficiently restrict access to the data centre because Central Services did not effectively define the firewall rules that its service provider must follow. Central Services indicated that it plans to review and update the rules for the data centre firewall in 2016. Inadequate firewall rules increase the risk of a security breach.

Updating of Network Devices Needed

We also found firewalls at client locations and network devices (e.g., switches) were not receiving software updates, or were no longer receiving user support. This means these devices were not patched for known vulnerabilities, dating back to 2013 for client firewalls. This increases the risk of a security breach.

Timely Updates of Servers for Security Vulnerabilities Needed

At December 2015, Central Services noted over 100 of the 1,000 servers, which it manages on behalf of clients, used unsupported versions of operating software. Using unsupported software means security updates (e.g., Windows updates or patches) are not available for these servers, which increases the risk of security breaches and availability issues.

During 2015, Central Services told clients which of their applications had underlying components (i.e., server hardware, server operating systems, or databases) that the related vendor no longer supported. Central Services recommended clients either upgrade the component(s) to a supported level, or formally document acceptance of the risk. Where a client accepts the risk, Central Services needs to ensure there is no other client information on the unsupported server that requires increased protection.

Central Services worked with some clients during 2015 to upgrade servers and databases to vendor supported levels. However, by December 2015, not all clients had formally documented their acceptance of the risk related to unsupported components.

Although Central Services' data centre service provider updated most servers, on at least a quarterly basis, we found patching on all servers was not complete for all known vulnerabilities. All 10 servers we tested were missing updates (some related to updates [patch releases] made available in 2012). We found Central Services did not ask its staff or its service provider to do these updates.

Also, it did not have a documented risk analysis as to why these servers did not need the missing updates. Security updates address known security vulnerabilities. Attackers wanting to hack into systems can exploit these vulnerabilities to gain unauthorized access to applications and data.

4.2 Complete and Tested Disaster Recovery Plan Required

We recommended that the Ministry of Central Services have a disaster recovery plan for the data centre and client systems. (2006 Report – Volume 3; Public Accounts Committee agreement April 3, 2007)

Status – Partially Implemented

As in prior years, Central Services did not have a complete and tested disaster recovery plan for the data centre. At December 31, 2015, Central Services' agreement with its data centre service provider continued to require the service provider to provide only best efforts recovery service in the event of a disaster. If a disaster occurred, it is not clear:

- How long it would take Central Services' data centre service provider to recover client applications and data so that clients can use them
- If best efforts recovery would meet client needs, or

- How much the recovery would cost Central Services or its clients.

As a result, some of Central Services clients with critical client systems (e.g., student loan system, correctional information system, courts management/fines collection system) do not have disaster recovery plans.

A few Central Services' clients[8] have signed separate disaster recovery agreements with other service providers to restore specific critical systems and data if a disaster occurs. However, the recovery of critical client systems remains dependent on the availability of certain equipment and systems within the core data centre (e.g., network switches, firewalls, network storage, network drives, email) to recover business operations following a disaster. As a result, having multiple agreements for disaster recovery does not result in an effective enterprise approach to disaster recovery for the data centre.

It is not clear how long clients could operate effectively in recovery mode, or what the costs of operating under such conditions on a longer-term basis would be. Also, lack of effective disaster recovery plans could result in critical IT systems, data, and services not being available to the Government and the people of Saskatchewan when needed.

Management advised us that Central Services continues to analyze alternatives for disaster recovery services including for the core data centre and critical client systems.

4.3 Access Better Restricted

We recommended that the Ministry of Central Services adequately restrict access to systems and data. (2012 Report – Volume 2; Public Accounts Committee agreement September 23, 2014)

Status – Implemented

By December 2015, Central Services used more secure methods for accessing systems and data. At December 31, 2015, network accounts complied with its password standards. Central Services removed local-administration rights to computers (which enable users to change configuration settings that could impact a computer's security) except where required to carry out daily operations. Central Services developed processes for monitoring users with these rights.

4.4 Client Security Reports Provided

We recommended that the Ministry of Central Services provide relevant and timely security reports to its clients. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Implemented

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[8] Clients with separate disaster recovery agreements include the Ministry of the Economy for its gas and oil systems, the Ministry of Social Services for its children-in-care case management system, Saskatchewan Housing Corporation for its housing management system, and the Ministry of Finance for the government's financial management system.

In 2015, Central Services gave its clients information to help them make decisions about the security of their IT applications and data. The information included:

- Known security risks including security investigations completed (e.g., related to lost computers)
- Risks reported to and/or accepted by the client (e.g., user access rights greater than Central Services' policy)
- Network user accounts not used for an extended time period
- Applications with infrastructure components no longer supported by a vendor

4.5 Security Policy Approved

We recommended that the Ministry of Central Services establish information technology security policies for its clients. (2008 Report – Volume 3; Public Accounts Committee agreement December 10, 2008)

Status – Implemented

In October 2015, Central Services approved a new information security policy for its staff and clients. The policy establishes roles and responsibilities for both Central Services and its clients.

Central Services based this security policy on an accepted technical security framework – ISO/IEC 27002:2013.[9] It posted the policy on its intranet to make it accessible to clients. It made clients aware of the policy through meetings with them.

5.0 CENTRAL SERVICES IT CLIENT LIST AT DECEMBER 2015

Ministries	Agencies
Ministry of Advanced Education Ministry of Agriculture Ministry of Central Services Ministry of Education Ministry of the Economy Ministry of Environment Executive Council Ministry of Finance Ministry of Government Relations Ministry of Highways and Infrastructure Ministry of Justice Ministry of Labour Relations and Workplace Safety Ministry of Parks, Culture and Sport Public Service Commission Ministry of Social Services	Apprenticeship and Trade Certification Commission Financial and Consumer Affairs Authority of Saskatchewan Global Transportation Hub Authority Physician Recruitment Agency of Saskatchewan Saskatchewan Legal Aid Commission Saskatchewan Grain Car Corporation Saskatchewan Housing Corporation Saskatchewan Municipal Board SaskBuilds Corporation Technical Safety Authority of Saskatchewan

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[9] ISO/IEC 27002:2013 gives guidance for organizational information security standards and information security management practices including the selection, implementation, and management of controls taking into consideration an organization's information security environment.

6.0 GLOSSARY

Application – A software program. This includes programs such as word processors, spreadsheets, database programs, accounting programs, etc.

Change Management – An organized approach for introducing changes into a program or process, used to minimize unintended consequences.

Configure – To set up or arrange in order to achieve a specific purpose (e.g., maximize security).

Data Centre – A central location for computer network hardware and software, especially storage devices for data.

Disaster Recovery Plan – A plan for an organization to restore necessary IT services in the event of an emergency or disaster. A disaster recovery plan is one part of a larger, organization-wide business continuity plan.

Firewall – Software and/or hardware intended to restrict or block access to a network or computer. Firewalls can be set up using **firewall rules** to only allow certain types of data through.

Network – A group of computers that communicate with each other.

Network Switch – Hardware that connects devices (e.g., computers, printers, servers) within a network.

Patch – An update to a computer program or system designed to fix a known problem or vulnerability.

Physical Access Controls – The controls in place at an organization that restrict unauthorized people from gaining physical access to computers or network equipment. Examples include locked doors and cabinets, and video surveillance systems.

Server – A computer that hosts systems or data for use by other computers on a network.

User Access Controls – The controls in place at an organization to restrict use of systems or data to those who have been authorized. These include physical controls such as locked doors or cabinets, as well as computer and network controls such as establishing accounts with specific access rights, requiring passwords, etc.

7.0 SELECTED REFERENCES

Chartered Professional Accountants of Canada and the American Institute of Certified Public Accountants (AICPA). (2014). *Trust Services Principles, Criteria, and Illustrations.* Toronto: Author.

International Organization for Standardization. (2013). ISO/IEC 270002:2013(E). *Information Technology – Code of Practice for Information Security Management; 2nd Edition.* Geneva: Author.

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Chapter 6
Central Services—Web Application Security Requirements

1.0 MAIN POINTS

Web applications may allow attackers to access or corrupt confidential government information or interrupt government services if not appropriately designed or operated.

Government ministries use various web applications to provide services. As owners of these applications, ministries are responsible for their security within the parameters set by the Ministry of Central Services (Central Services). In addition to providing the security policy framework for these web applications, Central Services develops and hosts them in a data centre for ministries.

At December 2015, Central Services' overall information technology (IT) security policy framework was consistent with best practices. But it did not have sufficiently comprehensive procedures and guidance to support the development and operation of secure ministry web applications. In addition, it does not require routine analysis of web application vulnerabilities (weaknesses). With the Ministry's cooperation, we tested the security of 18 ministry websites. Most of them were not sufficiently secure.

We made four recommendations to help ensure new ministry web applications are appropriately designed, and existing web applications are kept secure.

Sufficiently comprehensive procedures and guidance would include working with the ministries to promptly identify and address identified web application vulnerabilities classified as higher risk. Comprehensive procedures support an organized and consistent approach to implementing and maintaining security across ministries. This helps minimize the risk of a breach of government information in the web applications, and other applications and data that Central Services hosts in the data centre.

2.0 INTRODUCTION

The Ministry of Central Services, as a central agency, coordinates and delivers IT services to 15 government ministries[1] (ministries) and about 10 other agencies. *The Ministry of Central Services Regulations* makes Central Services responsible for developing, implementing, monitoring, and enforcing IT security policies and standards of the Government of Saskatchewan.[2] These IT security policies and standards include those related to the development and operation of web applications owned by ministries and agencies.

In 2014-15, Central Services spent $121.8 million (2013-14: $121.1 million) to provide IT services, of which it recovered $107.5 million (2013-14: $112.8 million).[3] Central Services operates on a cost-recovery basis for IT services; that is, the ministries and agencies reimburse Central Services for the IT services it provides or coordinates on their behalf.

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[1] This includes the Public Service Commission and Executive Council. Central Services also provides IT services for itself. It does not provide IT services to the Ministry of Health.

[2] *The Ministry of Central Services Regulations*, section 3(k).

[3] Ministry of Central Services financial records and *Annual Report for 2013-14*, pp. 5 and 18.

This chapter reports the results of our audit of whether Central Services had security requirements (e.g., policies, standards) that were consistent with best practices for the development and operation of ministry web applications. The **Glossary** in **Section 6.0** defines many of the terms used in this chapter.

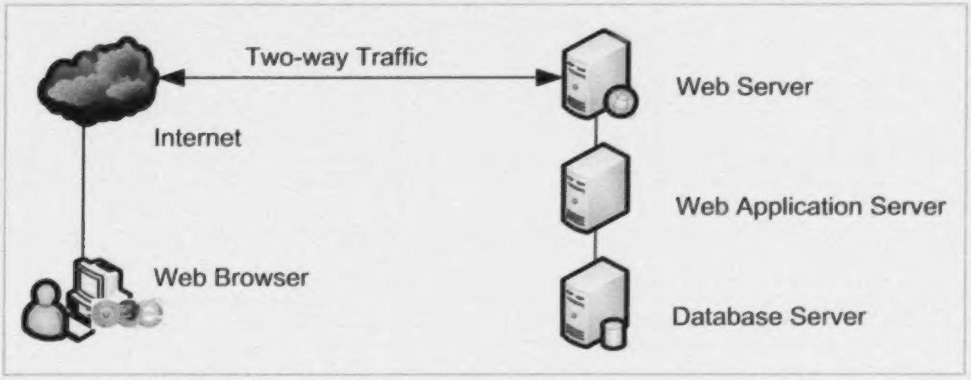
3.0 BACKGROUND

3.1 What are Web Applications?

Web applications are computer programs that are built into websites, and help websites work. **Figure 1** outlines a typical web application.

The public uses a web browser (e.g., Microsoft Internet Explorer, Mozilla Firefox, Google Chrome) to interact with a website (i.e., provide or obtain information) through the Internet. A web server receives the request for information from the public. It uses software (the web application) to obtain a response from other computer servers (e.g., web application server, database server). The web application then packages and delivers the response back to the user's browser, which displays the web page with the information. For example, web applications are used when filling out a form, creating an account, using a shopping cart, or using the search capability on a website.

Figure 1—Example Web Application



Source: Provincial Auditor Saskatchewan (2016).

3.2 Security Risks of Web Applications

While web applications contribute to the usefulness of the Internet, they can create security problems if not appropriately developed or operated. A 2014 SANS[4] survey reports 29% of organizations experienced one or more security breaches due to an application security vulnerability (i.e., weakness) during the 18 months prior to the survey.[5] A 2015 SANS survey reports 74% (2014: 38%) of organizations considered public-facing web applications to be their highest security risk.[6]

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[4] The SANS Institute is a cooperative information security research and education organization.

Attackers can use weaknesses in web applications to see sensitive information (e.g., credit card, banking, birthdate information) while it is being processed by the web application (i.e., data in transit). Weaknesses in web applications can allow attackers to gain access to data stored by the web applications or other applications in the same network(s). In addition, attackers can exploit weaknesses in web applications to put systems and data belonging to public users at risk. For example, attackers exploited a type of web application weakness called injection flaws[7] at Sony in 2011 and at Bell Canada in 2014 to gain access to customer information including credit card numbers.[8]

A wide variety of tools are designed to exploit potential weaknesses in websites. These tools are available online and many are free. Since websites are on the Internet, attacks can be carried out from anywhere in the world.

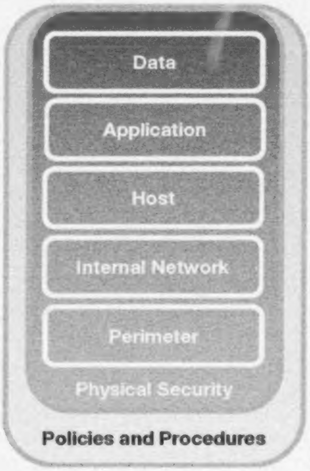
To protect against the many ways that an attacker may attempt to gain access to systems and data, many organizations apply a defense-in-depth strategy as outlined in **Figure 2**. The principle of defense-in-depth is that layered security mechanisms increase security of the system as a whole.

Figure 2—Defense-in-depth

The diagram to the right illustrates the common layers where security may be implemented. If an attack causes one security mechanism to fail, other mechanisms may still provide the necessary security to protect the system. Due to the ongoing discovery of new security weaknesses and that no security mechanism is foolproof, securing only one layer (e.g., perimeter) is not adequate. It is important that security be addressed at all layers based on assessed risk (i.e., defense-in-depth).

For example, a web application system can be protected using security controls applied around the network perimeter and in the computer network (e.g., intrusion detection systems, firewalls). The protection can be improved by securely setting up the servers that the web application and the related programs and databases are hosted on. Security is further improved by following secure coding (i.e., programming) practices and secure deployment to help make sure that the web applications themselves operate securely. The combination of security controls at multiple layers makes it more difficult to attack the web application.

Security policies and procedures are the foundation for the other security layers because they set out the minimum security expectations for people developing and operating the web application to enable an organized and consistent approach to security.



Sources: Based on information from www.owasp.org/index.php/Defense_in_depth (16 March 2016). Diagram from The Business Forum, Antivirus Defense-In-Depth Guide (2015).

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[5] SANS, *Survey on Application Security Programs and Practices*, (2014), p. 18. www.sans.org/reading-room/whitepapers/analyst/survey-application-security-programs-practices-34765 (19 April 2016).

[6] SANS, *2015 State of Application Security: Closing the Gap*, (2015), p. 8. https://info.whitehatsec.com/rs/675-YBI-674/images/SANS_Survey_AppSec_2015_WhiteHat.pdf (11 January 2016).

[7] Injection flaws are weaknesses in a poorly-designed web application that allow attackers to gain access by entering code in areas of the website (such as forms) that are used to gather information or receive requests. These attacks can result in data loss or corruption, denial of service, or complete host takeover. If attackers can access the web application's databases, they can potentially attack visitors to the website.

[8] http://business.financialpost.com/fq-tech-desk/bell-hack-attack-that-affected-more-than-20000-customers-shows-rising-security-threat (15 May 2015).

3.3 Central Services' Responsibilities for Security of Web Applications

Central Services has a dual role. First, Central Services is responsible for developing, implementing, monitoring, and enforcing IT security policies and standards for itself, 14 other ministries, and about 10 other agencies.[9] Second, Central Services delivers some IT services to these ministries and agencies (such as developing web applications, and hosting[10] web applications).

The ministries have at least 50 web applications that provide services to and interact with the public.[11] For example, when a user applies for a student loan, pays a fine, or orders high school transcripts, the ministries' web applications allow these activities to occur over the Internet.

The ministries, including Central Services itself, own web applications. As the owners of the applications, the ministries are responsible for their security, but within the context of Central Services' security policies and procedures.

Security policies and procedures provide the foundation for security. Strong policies and procedures set out the security expectations for developing and operating the web application to enable an organized and consistent approach to security.

Strong security policies and procedures are particularly important for web applications in that weaknesses in one web application that Central Services hosts may increase the risk of breaches of other systems and data that Central Services hosts.

As such, security policies and procedures are fundamental for protecting the government information accessible through the ministries' websites. Strong web application security policies and procedures for the ministries reduce the risk of security weaknesses and, in turn, the potential for attackers to access or corrupt confidential government information or disrupt government services.

4.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess whether, at December 31, 2015, the Ministry of Central Services had security requirements that were consistent with best practices for the development and operation of government ministry web applications.

For the purposes of this audit, security requirements include Central Services' policies, standards, procedures, forms, and other guidance for use by the ministries including by Central Services itself. We considered best practices published by recognized leaders for IT technical security standards for web applications, such as the Open Web Application Security Project (OWASP)[12] and the National Institute of Standards and Technology (NIST).[13]

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[9] *The Ministry of Central Services Regulations*, section 3(k).
[10] Hosting is where the IT system servers and data are located at the service provider. Central Services has contracted hosting of ministry servers and data to an external service provider.
[11] Central Services did not have a complete list of ministry web applications at December 31, 2015.
[12] OWASP is an international not-for-profit organization focused on improving the security of software.
[13] NIST is a non-regulatory federal agency within the U.S. Department of Commerce that works with industry to develop and apply technology, measurements, and standards, including in the area of information technology.

To conduct this audit, we examined the various security requirements of Central Services. We compared these requirements for consistency with best practices. We interviewed Central Services staff involved in developing, maintaining, implementing, and monitoring requirements for web application security. After obtaining Central Services' permission, we tested the security of a selection of websites related to the ministries' web applications to assess if they demonstrated consistency with best practices. To facilitate our testing, Central Services' security staff did not respond to alerts indicating external scanning of web applications was occurring. We did not attempt to exploit the weaknesses we identified (i.e., did not try to gain access to the applications and data).

We followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Central Services' security requirements, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Central Services' management agreed with these criteria (see **Figure 3**).

Figure 3—Audit Criteria

1. **Support overall security objectives**
    - 1.1 Align with overall security direction (i.e., high-level policy)
    - 1.2 Describe the intent for each security requirement
2. **Align with leading technical security standards for web applications**
    - 2.1 Reference security framework(s) used to develop the requirements
    - 2.2 Reflect a risk-based approach
    - 2.3 Review periodically
3. **Clearly outline roles and responsibilities**
    - 3.1 Align with legislative responsibilities
    - 3.2 Address necessary stages of development and operation
    - 3.3 Provide sufficient detail to support implementation
4. **Require verification that security objectives are met**
    - 4.1 Require reporting of verification activities and results
    - 4.2 Define processes for analyzing progress towards security objectives
    - 4.3 Define processes for resolving security concerns

While the Ministry of Central Services had an overall security policy framework consistent with best practices, we concluded that, at December 31, 2015, it did not have sufficiently comprehensive procedures and guidance to support the development and operation of secure government ministry web applications. Sufficiently comprehensive procedures and guidance would include working with the ministries to promptly identify and address identified web application vulnerabilities classified as higher risk.

5.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out our key findings along with related recommendations.

5.1 Information Security Policy Provides Adequate Framework

Security best practices expect organizations to have an overall security framework.[14]

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[14] *NIST Special Publication 800-100: Information Security Handbook: A Guide for Managers*, (2006), p. 14.

At December 2015, Central Services had a new Information Security Policy (i.e., the Government of Saskatchewan Information Security Policy [Security Policy]) that it used to communicate its high-level security requirements to its staff (e.g., application developers) and to the ministries' staff (i.e., application owners). In October 2015, Central Services approved this Security Policy. This Security Policy provides Central Services with an overall security framework.

This new Security Policy consolidated and replaced the previous security-related policies (e.g., the Information Technology Office Security Policy (2004), Government of Saskatchewan 2010 Security Standards). Central Services based this new Security Policy on an industry-accepted IT security framework (i.e., best practice) – ISO/IEC 27002:2013.[15] The new Security Policy applies to all types of IT systems owned and operated by government ministries (including itself) and about 10 agencies. While this Security Policy is not just for the security of web applications, it provides a security framework for them.

5.2 Key Information on Web Applications Needed

Security best practices expect organizations to maintain key information about applications that they host or own (e.g., business purpose, application/information owner, risk classification, software version, and servers they are running on).[16]

We found that Central Services did not have complete information on the nature and extent of web applications that it hosts on behalf of the ministries. It had begun to develop a list of web applications that included the following: the name of the ministry that owned the web application, the business purpose, the web address (i.e., URL), and whether a password was required to access the website. However, at December 2015, the list did not include all ministry web applications that Central Services hosted and that are subject to its Security Policy, nor all key details about the web applications (e.g., risk classification, software version, server the applications runs on). Key information about applications (including web applications) would help ensure Central Services designs procedures and guidelines supporting the Security Policy that address risks significant to the ministries.

1. **We recommend that the Ministry of Central Services document key information about all ministry web applications that are subject to its security policy.**

5.3 Security-focused Procedures Needed

Security best practices expect organizations to have detailed procedures and supports to assist staff in implementing the overall security policy framework when managing applications (such as web applications).[17] These detailed procedures would help users interpret and implement the expectations set out in the overall security policy on a consistent basis. Use of consistent and standardized processes creates efficiencies within and across the ministries. It also helps ensure security decisions for one application do not negatively affect security of the rest of the network. Also, because IT best practices for security offer alternate approaches to managing security, the detailed procedures would either explicitly set expected processes, or alternately which specific IT best practices they expect staff to follow in various situations (e.g., when developing web applications, monitoring web applications). Some organizations develop their own detailed guidance instead of referring to specific leading technical web application security standards for staff to use when assessing and responding to risks to their web applications.

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[15] ISO/IEC 27002:2013 gives guidance for organizational information security standards and information security management practices including the selection, implementation and management of controls taking into consideration an organization's information security environment.

[16] Open Web Application Security Project. *OWASP Top 10 – 2013: The Ten Most Critical Web Application Security Risks*, (2014).

[17] ISACA, *An Introduction to the Business Model for Information Security*, (2009), p. 5.

Figure 4 provides examples of alternative leading technical security standards for web applications. One option (OWASP) sets information about how to address critical web application security risks including verifying controls, while another option (NIST) sets guidelines such as securing web services. A third option (Control Objectives for Information and Related Technology or COBIT) sets a governance and management framework for IT. Explicitly setting expected processes or identifying which specific IT best practices to follow facilitates having an organized approach to security across multiple organizations (e.g., the ministries).

Figure 4—Examples of Alternate Technical Security Standards to Support Web Application Procedures and Guidelines

OWASP's *Application Security Verification Standard* (2014) includes detailed considerations related to: access control, management of a session between a user and a web application, malicious input that may be entered into a web application, and data protection. OWASP provides checklists to help determine controls are in place in these areas (e.g., sessions timeout after a specified period of inactivity, controls prevent SQL injection, purge or invalidate temporary copies of sensitive data once no longer needed).

NIST Special Publication 800-95: Guide to Secure Web Services includes detailed considerations related to: web service security functions and related technologies (e.g., authentication, identity management, accountability throughout a service chain, availability of web services); web portals for users (e.g., to control user authorization and access); security of web services for legacy applications; and uses of security tools and technologies (e.g., for development and testing).

COBIT 5 provides a detailed framework for IT governance and management of enterprise IT, which encompasses web application security. *COBIT and Application Controls: A Management Guide* includes detailed guidance for designing and operating application controls, including interdependency with other controls and responsibilities of business and IT units.

Source: Based on information from the technical security standards referenced above, (2016).

At December 2015, Central Services' Security Policy had limited supporting procedures and guidance to help staff from the ministries, including its own staff, interpret and implement sections of its overall Security Policy that relate to web applications.[18]

Central Services had guidance that set out expected processes for the following areas: changes to applications, incident and problem management (i.e., identifying and correcting issues resulting from a specific situation and analyzing the event to prevent a future reoccurrence), and approving exceptions to the Security Policy (e.g., allowing a shorter password length for an application). It also set standard technologies that Central Services will support (e.g., web application languages: Java, Microsoft, .NET).

In addition, it has a number of template forms (see examples in **Figure 5**) that it expected staff to complete for a number of key areas. The purpose of these templates is to engage Central Services staff to provide guidance to the ministries. The templates do not provide detailed explanations to help staff understand and correctly assess the information required.

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[18] Central Services' previous security-related policies also had limited supporting procedures and guidance related to web applications.

Figure 5—Examples of Security-related Templates Available at December 2015

High Level Solution Design Template: A central document that describes in both developer's terms and customer's terms the business, application and information, and technical (hardware and software) infrastructure requirements for implementing the requirements for a project.

Project Security Compliance Assessment Template: Summarizes risk assessment work completed by Central Services and findings (e.g., risks identified) for a ministry project (e.g., development of a web application).

Technical Security Assessment Template: Summarizes risk assessment work completed by Central Services with the aid of IT tools and resulting findings (e.g., risks identified) for a ministry web application.

Risk Management Decision Item Template: Documents a request for exemption from Central Services' security policies, the related risk assessment, and the resulting risk decision (i.e., to accept or try to mitigate the risk).

Source: Based on Central Services security-related templates, (2016).

Overall, although Central Services set out security requirements in its Security Policy, it did not set out supporting procedures and guidelines in many key areas related to IT security for web applications. **Figure 6** provides examples where it set limited or no procedures and guidelines for key sections in its Security Policy related to web applications.

Figure 6—Examples of Key Areas with Limited or No Security Procedures or Guidelines at December 2015

Central Services set limited or no procedures and guidelines for the following key sections in its Security Policy that relate to web applications *(related Security Policy section number)*:

- Maintaining an inventory of all important assets associated with information systems (e.g., web applications) including documentation of the assigned information and service owners (*sections 4.1.1 and 4.1.2*)
- Using a key management system to support the use of cryptographic controls (*section 6.1.2*)
- Regularly assessing information system vulnerabilities and the management of associated risk (*section 8.6.1*)
- Identifying security controls as part of business requirements for new information systems or enhancements to existing information systems (e.g., development methodology and secure coding guidelines) (*section 10.1.1*)
- Establishing, documenting, maintaining, and applying secure information system engineering principles (*section 10.2.5*)
- Maintaining documentation of the statutory, regulatory, and contractual requirements for each information system (*section 14.1.1*)
- Regularly reviewing information systems for compliance with security policies and standards (*section 14.2.3*)

Source: Based on analysis of the Government of Saskatchewan Information Security Policy, (2016).

When it comes to information technology, change is a constant; this is particularly true as it relates to the adoption and use of web applications. Significant threats to existing web applications emerge as attackers become more sophisticated in exploiting weaknesses.[19] As such, it is important that IT security policies are kept current and supporting procedures and guidelines are dynamic and responsive to changes to IT security risks.

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[19] Open Web Application Security Project, *OWASP Top 10 – 2103: The Ten Most Critical Web Application Security Risks*, (2014).

Central Services intends to revisit its Security Policy at least every two years. It had not set out how often it planned to update its procedures and guidelines.

Comprehensive security-related procedures and guidelines specify how to achieve the Security Policy, and provide clear direction on who is responsible for making sure the procedures are followed. They allow for consistent treatment of similar situations across the ministries. Without comprehensive procedures and guidelines for web applications, Central Services increases the risk of the ministries' staff, including its own staff, not fully understanding its Security Policy, and not implementing it properly. Not properly implementing its Security Policy increases the risk of security not being maintained to an appropriate level thereby increasing the likelihood of security breaches.

2. **We recommend that the Ministry of Central Services develop and maintain comprehensive procedures and guidelines to support the development and operation of secure web applications.**

5.4 Web Application Development Considers Security

Security best practices expect developers to incorporate security into the design of the web applications to reduce security risks to levels acceptable to the owner of the application with consideration of security implications on others whose applications reside on the same IT network. They also expect developers to confirm that security features embedded in the web application design work as intended.[20]

As noted in **Figure 2**, security policies and procedures are one security mechanism used to increase security of a system as a whole. Other mechanisms include physical security of the system (e.g., restricting access to computers through use of locked doors), perimeter security (e.g., use of firewalls and intrusion detection systems), and internal network security (e.g., securely setting up servers). As reported in our *2016 Report – Volume 1*, Chapter 5, while Central Services appropriately used many of these mechanisms, it had weaknesses in its internal network and perimeter security.

For new ministry web applications, Central Services expected its staff, when developing[21] new web applications for the ministries, to implement safeguards into the application consistent with the high-level expectations included in its Security Policy. We found Central Services did not have procedures to ensure web developers had access to written updates about evolving security weaknesses identified by industry, so they could consider these when developing new web applications.

Also, as noted in **Section 5.3**, Central Services did not set detailed procedures related to developing websites. Detailed procedures and guidance would help to ensure an organized and consistent basis for making security decisions about web applications.

We found, consistent with best practices and its Security Policy, Central Services required security testing during the development stage of web applications to confirm security worked as intended.

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[20] ISACA, *Web Application Security: Business and Risk Considerations*, (2011), p. 10.

[21] Central Services has a direct role in developing new ministry web applications either by having its staff develop the application, or using contractors for the development.

5.5 Proactive Routine Monitoring of Compliance with IT Security Policies Needed

Security best practices also expect processes for ongoing monitoring of the security of the applications.[22] For example, routine use of security vulnerability testing for a web application can identify vulnerabilities found since an application was first developed.

Routine security vulnerability testing helps organizations know the significance and magnitude of security risks facing their systems and data. Security vulnerability testing is designed to identify weaknesses, and classify the risks of those weaknesses from low to high. See **Figure 7** for description of risk classes. Organizations can then use this information to identify and take corrective actions.

Figure 7—Risk Classification of Security Vulnerabilities

A web application security vulnerability can be classified as high, medium, or low risk, as follows:

High:	A vulnerability that could let an attacker execute commands on the server, retrieve and modify confidential information, or view source code, system files, and sensitive error messages.
Medium:	Other errors or issues that could be sensitive (e.g., let an attacker gather sensitive information about the web application such as machine name and/or sensitive file locations).
Low:	Interesting issues, or issues that could evolve into a higher risk vulnerability.

Source: Adapted from Auditor General of Alberta, *Report of the Auditor General of Alberta—October 2008*, p. 58.

Central Services, as legislated, has responsibility for developing, implementing, monitoring, and enforcing the overall security policy and standards related to the ministries' IT systems and data including web applications.

Through its Security Policy and its agreements with individual ministries, it requires the ministries (owners of applications) to comply with its policies and keep their applications and data secure. In addition, through its Security Policy, because it hosts the ministries' systems, it expects its staff to periodically use IT tools to identify security weaknesses. However, Central Services has not set out the nature and extent of tests it expects (e.g., what types of tests and how often).

We found Central Services does not complete routine testing of web application vulnerabilities, or require the ministries to do so. Rather Central Services may carry out or contract for these tests only upon request of the ministries. If the ministries request such tests using contractors, Central Services requires the ministries to share vulnerabilities identified.

Instead of a proactive approach to routinely testing the adequacy of the security of the ministries' web applications, Central Services used a reactive approach. As noted in **Section 5.3**, it had incident and problem management processes. It required the ministries to report security incidences (e.g., security breach), and worked with the ministries to resolve the situations. It tracked information about incidents and vulnerabilities reported and resolved.

We selected 18 websites related to existing ministry web applications. These included web applications of various types (e.g., those that process financial information or house confidential personal information). These web applications were owned by various ministries (11 different ministries), and were of various ages (both newer and older).

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[22] ISACA, *Web Application Security: Business and Risk Considerations*, (2011), pp. 10 and 12.

In our test of these websites, we identified over 1,400 vulnerabilities with risks that varied in criticality from low to high. One corrective measure may address multiple vulnerabilities identified, such that the number of vulnerabilities identified does not necessarily equate to the level of effort required to correct them. For the 18 ministry websites we tested, we found:

- The number and risk classification of the vulnerabilities varied by website (e.g., eight websites had three or fewer medium- and high-risk vulnerabilities, while one website[23] had over 100 high-risk vulnerabilities); overall, 22% of the vulnerabilities identified were classified as medium and/or high risk. Also, as described in **Figure 8**, we identified a well-known high-risk weakness affecting 10 of the 18 ministry websites. Best practices expect organizations to be aware of new significant vulnerabilities and take steps to proactively fix them.[24]

Figure 8—Example of a Security Vulnerability Affecting Many Ministries

For 10 of the 18 websites we tested, we identified a significant encryption security vulnerability that has been well known in the IT community since the early 2010s.

The IT community quickly developed ways (e.g., recommended updates to software) to fix the vulnerability. If exploited, this encryption vulnerability allows an attacker to access data from an encrypted session. This data could include passwords, cookies, and other authentication tokens that may be used to gain access to the website (e.g., impersonate the user, access the database).

Source: Based on testing and research by Provincial Auditor Saskatchewan (2015).

- Weaknesses were wide-spread across the ministries in that they were identified in 17 of the 18 ministry websites we tested

- Weaknesses were found in both newer (e.g., 2013) and older (e.g., 2000) websites

Overall, most of websites we tested were not sufficiently secure (that is, were at medium to high risk of letting an attacker gain access or gather sensitive information about the web application).

Not using routine testing of the security of ministry web applications increases the risk that higher-risk vulnerabilities are not identified, and addressed before security breaches occur. This in turn increases the risk that ministry web applications can be compromised, and sensitive data lost or accessed.

3. We recommend that the Ministry of Central Services require routine analysis of web application vulnerabilities to monitor compliance with its security policy.

We shared the detailed results of testing of web applications with Central Services to enable it to work with the related ministries to identify and take corrective actions. As previously noted, one corrective measure may address multiple vulnerabilities identified.

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[23] Management advised us that work has begun related to this website that will address existing vulnerabilities.
[24] www.owasp.org/index.php/Virtual_Patching_Best_Practices (14 March 2016).

Not taking timely corrective action on higher-risk vulnerabilities makes it easier for ministry web applications to be breached.

4. **We recommend that the Ministry of Central Services work with the ministries to address identified higher-risk web application vulnerabilities.**

6.0 GLOSSARY

Application – A software program. This includes programs such as word processors, spreadsheets, database programs, accounting programs, etc.

Database – A comprehensive collection of related data organized for convenient access in a computer.

Change Management – An organized approach for introducing changes into a program or process, used to minimize unintended consequences.

Data Centre – A central location for computer network hardware and software, especially storage devices for data.

Defense-in-depth – The practice of using layered security mechanisms to increase security of the system as a whole. If an attack causes one security mechanism to fail, other mechanisms may still provide the necessary security to protect the system.

Firewall – Software and/or hardware intended to restrict or block access to a network or computer. Firewalls can be set up using firewall rules to only allow certain types of data through.

Intrusion detection system – Software and/or hardware designed to detect a security breach by identifying inappropriate access or changes taking place within a computer or network.

Network – A group of computers that communicate with each other.

Patch – An update to a computer program or system designed to fix a known problem or vulnerability.

Procedure – An established or official way of doing something.

Secure Coding – The practice of developing application software in a way that reduces the risk of accidental introduction of security vulnerabilities in software before it is deployed.

Security Vulnerability – An unintended weakness in a computer system that exposes it to the potential exploitation such as unauthorized access or malware (e.g., viruses).

Server – A computer that hosts systems or data for use by other computers on a network.

Software – A set of machine-readable instructions that directs a computer to perform specific operations.

Web Browser – A software program used by a computer to locate, retrieve, and display information from a website (e.g., Microsoft Internet Explorer, Mozilla Firefox, and Google Chrome).

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Chapter 7
Environment—Preventing Aquatic Invasive Species in Saskatchewan

1.0 MAIN POINTS

The introduction of aquatic invasive species is one of the most significant threats to biodiversity in Saskatchewan waters. If introduced, aquatic invasive species (e.g., zebra mussels) could also have costly consequences (millions of dollars) for remediation of water treatment plants, power plants, and dams in Saskatchewan.

The Ministry of Environment (Environment) is responsible for preventing the introduction or spread of aquatic invasive species in our province. Prevention is the most cost-effective way to deal with potential threats. For the period of February 1, 2015 to January 31, 2016, the Ministry had effective processes to prevent the entry and spread of aquatic invasive species, except it needs to:

- Collaborate with partners, such as SaskPower and the Water Security Agency, to develop a long-term multi-agency aquatic invasive species strategy. Such collaboration would assist in leveraging additional resources to protect provincial infrastructure and Saskatchewan waters.
- Assess the effectiveness of its public education and awareness campaign to promote prevention activities (such as boat cleaning), and enlist the public's co-operation in preventing the spread of aquatic invasive species. This assessment would allow the Ministry to determine if it has targeted its efforts on worthwhile activities.
- Formalize its risk-based detection strategies for aquatic invasive species (i.e., frequently inspect high-risk watercraft and sample high-risk Saskatchewan waters) so that aquatic invasive species would not go undetected and be addressed before becoming established.
- Complete and test a rapid response plan to reduce the impact and spread of aquatic invasive species.

2.0 INTRODUCTION

Environment is responsible for enforcing conservation standards to protect fish and wildlife. Environment is to:

> Coordinate, develop, promote and enforce policies and programs of the Government of Saskatchewan relating to the conservation, preservation, management, protection and development of fish, wildlife, air, water, resource lands and other renewable resources in Saskatchewan.[1]

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[1] *The Ministry of Environment Regulations, 2007.*

Aquatic invasive species are a significant threat to the existing environment that supports Saskatchewan fish and wildlife. Invasive alien species[2] are thought to be the cause of over 70% of the extinction of native freshwater species.[3]

The Fisheries Act (Saskatchewan), 1994 and *The Fisheries Regulations* assign responsibilities related to aquatic invasive species to Environment. In addition, in June 2015, the Department of Fisheries and Oceans Canada implemented new federal regulations, *Aquatic Invasive Species Regulations,* to manage and control aquatic invasive species in Canada. The federal regulations assign responsibility to the Saskatchewan Minister of Environment "to prevent the introduction or spread of, or to control or eradicate" aquatic invasive species set out in the federal regulations.

We audited Environment's processes to prevent the entry and spread of aquatic invasive species (other than aquatic invasive plants) in Saskatchewan.

2.1 Aquatic Invasive Species Threats

Saskatchewan possesses numerous rivers, streams, and water systems; and approximately 100,000 lakes. Saskatchewan lakes have a variety of fish species that provide recreational and economic opportunities. Fishing brings approximately $6 million of licensing revenue[4] to the provincial government each year.

If aquatic invasive species become established and spread in Saskatchewan lakes, they can significantly threaten lakes' biodiversity and impact the economy by:

- Affecting local fishing by causing a reduction in, or extinction of populations of native fish
- Competing with native species for food and space (i.e., reducing species of algae and microscopic aquatic animals that are important for the food chain)
- Degrading water quality by introducing disease
- Altering water-based infrastructure (e.g., pipes, dams) and increasing maintenance costs
- Reducing recreational opportunities and tourism[5]

Zebra mussels, an aggressive aquatic invasive species, are a prevalent risk for Saskatchewan given their introduction and spread in Lake Winnipeg in the fall of 2013, and in the Red River in the spring of 2015. Zebra mussels damage water infrastructures including power plants, and industrial, municipal and hydroelectric water intakes and outfalls. They attach themselves to man-made structures (particularly pipelines) impeding water movement through hydroelectric turbines, and intake structures for drinking water and irrigation systems. They can cause a decline in water flow and plant efficiency.

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[2] Alien species are plants, animals and microorganisms from one part of the world that are transported beyond their natural range and become established in a new area. They are sometimes also called "exotic," "introduced," "non-native," "non-indigenous" or "invasive" species (www.env.gov.bc.ca/wld/aliensp/) (25 February 2016).
[3] Heywood. V. H., *Global Biodiversity Assessment*, (1995), p. 1140.
[4] Based on Ministry of Environment financial records for the year ended March 31, 2015.
[5] Canada Gazette: www.gazette.gc.ca/rp-pr/p1/2014/2014-12-06/html/reg1-eng.php (30 September 2015).

Once established, in common with some other aquatic invasive species, zebra mussels are extremely difficult and costly to control or eradicate. In the Great Lakes area, maintenance costs in water treatment plants, power plant intakes, and dams have been in the billions of dollars after the introduction of zebra mussels.[6] Increased maintenance costs for power plants, water treatment facilities, and water delivery infrastructures are transferred to the public through increased service user fees.

At January 2016, Environment indicated it had not identified any aquatic invasive species (other than invasive plants) in Saskatchewan waters. Regardless, Environment has assessed the risk of introduction of invasive species as extremely high[7] and therefore, must be vigilant to prevent the entry of aquatic invasive species into the province. Prevention is the most cost-effective way to deal with any potential threats. Detection, response, and the management and adaptation needed for aquatic invasive species are also critical for controlling the spread of such species.

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess whether the Ministry of Environment had effective processes for the 12-month period of February 1, 2015 to January 31, 2016 to prevent the entry and spread of aquatic invasive species (other than aquatic invasive plants) in Saskatchewan.

Our audit did not include aquatic invasive plants as the control of plants falls under the responsibility of the Ministry of Agriculture.

We examined Environment's plans, policies, procedures, agreements, and reports that relate to preventing the entry and spread of aquatic invasive species. We also assessed Environment's strategies for preventing aquatic invasive species, and looked at the extent of activities being undertaken for associated risks as compared to other provinces.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Environment's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Management agreed with the criteria (see **Figure 1**).

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[6] Office of the Auditor General of Canada, *2002 Report, Chapter 4 – Invasive Species*, p. 10.
[7] According to the Ministry of Environment's *2015-17 Compliance Plan* (December 2015).

Figure 1—Audit Criteria

1. **Assess risks and strategies for aquatic invasive species**
    1.1 Identify aquatic invasive species risks for Saskatchewan and key pathways of entry
    1.2 Confirm risks with partners (e.g., Ministry of Agriculture, Water Security Agency, SaskPower, federal government, and other provincial governments)
    1.3 Prioritize strategies to mitigate risks
    1.4 Assign responsibilities for strategies
2. **Implement strategies**
    2.1 Make sure enforcement exists in legislative framework
    2.2 Establish education and awareness campaigns
    2.3 Develop mechanisms for early detection (e.g., sampling and notification process)
    2.4 Complete a rapid response plan (e.g., notify, contain, and eradicate)
3. **Monitor effectiveness of strategies**
    3.1 Collect information related to prevention efforts
    3.2 Evaluate and adjust prevention efforts
    3.3 Report results to senior management and the public

We concluded that for the 12-month period ended January 31, 2016, the Ministry of Environment had, other than the following areas, effective processes to prevent the entry and spread of aquatic invasive species (other than aquatic invasive plants) in Saskatchewan. The Ministry of Environment needs to:

- **Collaborate with partners to develop a long-term multi-agency aquatic invasive species strategy**
- **Assess the effectiveness of its aquatic invasive species education and awareness campaign**
- **Formalize risk-based strategies for inspecting watercraft and sampling Saskatchewan waters for aquatic invasive species**
- **Complete and test a rapid response plan**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 1**.

4.1 Risks of Aquatic Invasive Species Identified

Environment is responsible for the "establishment, development, maintenance and enhancement of any fish populations" and is to "control importation and stocking of fish" under *The Fisheries Regulations*. These provincial regulations list 19 species of fish that are prohibited from importation, possession, or transportation into the province (see **Figure 2**).

Environment updated the provincial regulations, including the list of prohibited species of fish, in February 2015. All prohibited species listed in the provincial regulations are species identified by Environment that pose a risk of spread within North America. In addition, Saskatchewan's regulations include all the federally-identified species in the

Aquatic Invasive Species Regulations that came into force in June 2015.[8] **Figure 2** lists prohibited aquatic species in federal and provincial regulations.

Figure 2—List of Prohibited Aquatic Invasive Species^ in Federal and Provincial Legislation

Federal Regulations	
Bighead carp	Silver carp
Black carp	Zebra mussel
Grass carp	Quagga mussel
Saskatchewan Regulations	
Bighead carp	Channeled applesnail
Black carp	Asian clam
Grass carp	Asian tapeworm
Silver carp	Conrad's false mussel
Zebra mussel	Spiny water flea
Quagga mussel	New Zealand mud snail
Northern snakehead	Rusty crayfish
Round goby	Faucet snail
Chinese mitten crab	Freshwater jellyfish
Fishhook water flea	

Source: *Aquatic Invasive Species Regulations* (Canada) and *The Fisheries Regulations* (Saskatchewan).
^ Listing does not include aquatic invasive plants.

Environment determined the following main ways of entry for aquatic invasive species into provincial waters:

- Watercraft (recreational and commercial) and related gear (e.g., fishing equipment, wakeboards, and water skis). For example, juvenile and adult mussels can attach themselves to boats, hulls, and engines, and survive up to one month out of water. Veligers (larva) can be found in water in live wells and bait buckets

- Other watercraft vehicles (e.g., float planes, firefighting aircraft)

- Aquarium trade: owners may intentionally release, into open waters, species who have outgrown aquariums or are no longer wanted. To reduce this risk, Environment does not allow the sale of certain species (like northern snakehead fish) in any Saskatchewan stores

- Use of live bait: the public and commercial fishing uses live organisms (including worms, leeches, and aquatic insects) to catch fish. Use of live bait can create a pathway for introduction of bait fish and other organisms, such as parasites, into Saskatchewan waterways

Environment has identified zebra and quagga mussels as the most significant threat to Saskatchewan waters. It assesses the potential for zebra and quagga mussels to invade Saskatchewan waters as high. The main path of transfer to Saskatchewan is recreational boats, and watercrafts that have been in mussel-infested waters. Because invasive mussels can be found in Lake Winnipeg, as well as Ontario and Quebec, and in the

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[8] The Ministry of Environment participated in the National Aquatic Invasive Species Committee along with other provinces and stakeholders. The Committee used these consultations to develop the federal list of aquatic invasive species included in the 2015 federal regulations.

Mississippi River systems in the United States, the highest risk paths for mussels to enter Saskatchewan are along its southern and southeastern borders.

After mussels, Environment's next major concern is other aquatic invasive species, such as the Asian tapeworm and the rusty crayfish, that can be found in Manitoba, and can also enter water bodies by boats.

4.2 Long-term Strategy to Prevent Aquatic Invasive Species Required

Environment developed annual action plans to prevent entry of high-risk aquatic invasive species (e.g., zebra mussels) into Saskatchewan. Environment spent $264,000 in 2015-16 (2014-15: $252,000) on initiatives related to preventing entry of aquatic invasive species. Alberta and Manitoba spent $2.1 million and $0.5 million in 2015, respectively.

Environment has an agreement[9] with other Canadian provinces and territories (e.g., B.C., Yukon, Manitoba and Alberta) to promote information sharing about new aquatic invasive species identified in each jurisdiction, and prevention and control activities underway in each jurisdiction.

Environment has also identified other provincial government partners (e.g., Water Security Agency, SaskPower, Ministry of Parks, Culture and Sport [Saskatchewan Parks]) key to the detection and prevention of aquatic invasive species. Environment communicated the risks of aquatic invasive species to provincial government partners through presentations, ongoing contact, and informational packages. For example, Environment and the Water Security Agency have ongoing contact to discuss sampling for aquatic invasive species.

However, Environment did not have formal agreements with those key provincial government partners that may be affected by aquatic invasive species. Nor had Environment developed a long-term comprehensive aquatic invasive species strategy. Such a strategy would provide a coordinated provincial approach aimed at preventing entry of aquatic invasive species. Engagement of partners (government and non-government agencies such as Water Security Agency, SaskPower, Watershed Associations, Saskatchewan Invasive Species Council) is necessary to build capacity and promote collaborative work on the highest priority issues. For example, Water Security Agency and SaskPower could assist in water sampling for aquatic invasive species. Agreements or formal strategies are ways to set clear roles and responsibilities of each party, and to secure their commitment.

Without a clear assignment of roles and responsibilities and commitment from key partners over the long term, Environment may not undertake and prioritize aquatic invasive species prevention efforts in the right areas. Effective use of resources is key to achieving maximum benefits. Partnerships can leverage the full value of each dollar spent, and maximize opportunities to pool expertise and resources for preventing the spread of aquatic invasive species.

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[9] As of March 31, 2016, all provinces except one have signed the agreement.

1. We recommend that the Ministry of Environment collaborate with partners to develop a long-term multi-agency aquatic invasive species strategy.

4.3 Assessment of Education and Awareness Activities Needed

Public education and awareness are effective tools in preventing aquatic invasive species from being introduced, and in the early detection and reporting of aquatic invasive species.

Environment used different mechanisms to increase awareness and educate the public about aquatic invasive species. It has made "Clean, Drain, Dry Your Boat" a continuous message conveyed to the public; this message was designed to encourage boat cleaning to reduce the spread of aquatic invasive species to Saskatchewan waters. Other types of communication to the public to increase awareness and education included:

- Videos: Environment promoted boat cleaning through videos posted to its YouTube page, advertised on tv, used in tradeshows, and shared with the Saskatchewan Wildlife Federation
- Poster/Lure Cards: Posters and lure cards included photos of the mussels, as well as website links and information, on how to prevent the introduction/spread of zebra and quagga mussels. Environment made cards available at tradeshows, field offices, compliance checks, border crossings, and provincial parks
- Signage: Road signs and boat launch signs with messages to build awareness. For example, there are 20 "Clean, Dry, Drain" road signs and 50 signs at boat launches located throughout the province. Also, Environment indicated it plans to erect 10 signs on highways along the Manitoba and US borders in the spring of 2016
- Aquatic invasive species awareness week was held for the first time from May 10-16, 2015. This was a media event designed to inform and educate the public about aquatic invasive species and where to find additional information (e.g., through news releases)
- Direct links on Environment's website to aquatic invasive species content
- Advertisements (e.g., in the *2015 Angling Guide*) and invasive species workshops and presentations to other agencies (e.g., Saskatchewan Parks)

Environment last measured the effectiveness of its education and awareness activities in 2010. In 2010, Environment participated in an angler survey that included questions about aquatic invasive species. The results of the survey indicated that only about 27% of survey respondents had come across information on aquatic invasive species.

At January 2016, although Environment thinks public awareness has increased since 2010, it does not know because it does not collect or track data that measures such awareness. Environment indicated that it plans to participate in an angler survey that would include information about aquatic invasive species in 2016.

Without regularly measuring results, Environment does not know if its education and awareness efforts related to aquatic invasive species were successful, or whether it targeted resources on worthwhile activities.

2. We recommend that the Ministry of Environment measure the effectiveness of its aquatic invasive species public education and awareness campaign regularly.

4.4 Ongoing Inspections and Sampling for Aquatic Invasive Species Necessary

Environment used two detection mechanisms to prevent the spread of aquatic invasive species:

- Inspections: These are used to identify the invasive species before they have entered the water by conducting inspections (e.g., when it remains on the boat or is being sold at the aquarium store). Environment expects its Conservation Officers to carry out inspections designed to deter the introduction of aquatic invasive species before they hit the water

- Invasive mussel monitoring program: This program is an early detection monitoring program of adult mussels and veligers;[10] the program is designed to detect the species introduced into provincial waters in a timely manner

Environment utilizes its Conservation Officers to enforce the legislation related to aquatic invasive species. It has empowered Conservation Officers to enforce both the provincial and federal legislation.[11] Where aquatic invasive species are found in the possession of a person who does not have the legal authority to possess them, or when aquatic invasive species present a risk to provincial waters, a Conservation Officer may seize, detain, or impound those invasive species plus the vehicle (e.g., watercraft) transporting the species. In 2014, there were 36 Conservation Officers trained on conducting watercraft inspections.

However, we found Conservation Officers undertook limited inspections of watercrafts for aquatic invasive species in 2015. Having Conservation Officers inspect watercraft for aquatic invasive species is still in the early stages of development for Environment. Conservation Officers conducted a few targeted inspections at fishing tournaments in 2015, and undertook two separate border inspections (with a mobile decontamination unit)[12] in September 2015. Conservation Officers did not identify any boats with issues related to aquatic invasive species at the fishing tournaments. They inspected eight boats in total at the border inspections in September 2015. Each border inspection identified one watercraft that required full decontamination.

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[10] Veligers are the larva for mussels.

[11] The Canadian Border Services Agency (CBSA) is also authorized to inspect boats at the US-Canada border for aquatic invasive species.

[12] Environment has two mobile decontamination units that provide for high-pressure, hot water boat washing.

In contrast to Alberta and Manitoba, Environment does not have a formal watercraft inspection strategy to prevent the introduction of aquatic invasive species. For example, Alberta has various watercraft inspection stations located throughout Alberta, and when open, it legally requires all watercraft owners to report to the onsite inspectors to have the watercraft and water-related equipment checked for invasive species. Manitoba has an annual inspection program. It has five decontamination units that rotate around Manitoba to high-risk and high-traffic boating areas. Temporary inspection stations act as a deterrent, and as an educational component for the travelling boater.

Also, Environment does not have an inspection strategy that is supported by a risk analysis, including identified and potential locations of aquatic invasive species and watercraft use patterns.

Such a strategy would help it determine higher risk geographical areas, and prioritize placement of its inspection programs. Summarizing inspection results would allow for assessment of the inspection program effectiveness. Without a risk-based strategy, Environment does not know if its inspection efforts are sufficient and focused in the right areas to prevent aquatic invasive species from being introduced into Saskatchewan waters.

3. We recommend that the Ministry of Environment formalize a risk-based watercraft inspection strategy related to aquatic invasive species.

Monitoring and sampling are also key to the early detection of aquatic invasive species. Environment undertook water-sampling activities related to the detection of aquatic invasive species. For example, Environment had two programs for invasive mussels monitoring, and early detection of these species: the Saskatchewan Adult Invasive Mussel Monitoring (AIMM) program, and the Saskatchewan Invasive Mussel Veliger Monitoring program.

The AIMM program, coordinated by the Fisheries Unit of Environment, is a mechanism to detect adult aquatic invasive mussels (i.e., zebra and quagga mussels) in water bodies throughout the province. Environment makes guidance publicly available online[13] that describes how the public can sample for adult mussels in water bodies.

In 2015, Environment also worked with Saskatchewan Parks staff to have them monitor for mussels when removing boat launches from Saskatchewan waters at the end of the park season. Environment advised the public that anyone who performs adult mussel sampling can enter results on iMapInvasives – an online tool available through the Saskatchewan Conservation Data Centre (www.biodiversity.sk.ca). The 2015 results of samplings (65 different samples in different water bodies in Saskatchewan) found no mussels present.

The Invasive Mussel Veliger Monitoring program monitors veliger, which is the larva for the mussels. During the summer of 2015, Environment carried out sampling for veligers on 17 bodies of water considered as high risk for invasive mussels; the samples found no veligers present. According to Environment officials, more expansive sampling would be undertaken if more resources were available (e.g., partnering with SaskPower and Water Security Agency for monitoring of veligers at dam reservoirs).

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[13] The Saskatchewan Adult Invasive Mussel Monitoring (AIMM) protocol can be found on www.biodiversity.sk.ca (28 March 2016).

While Environment carried out veliger sampling in the 2015 season, it does not have a documented strategy requiring it to do so each year. In addition, it has not set out what types of monitoring it must undertake each year, how much sampling it should do, or where (e.g., which bodies of water are high-risk areas).

Lack of a documented strategy increases the risk of monitoring mechanisms not being sustained over time, or sufficient sampling being carried out in a systematic manner. Insufficient sampling increases the risk that aquatic invasive species entering Saskatchewan will go undetected, and not be addressed before becoming established.

4. We recommend that the Ministry of Environment establish a risk-based strategy for sampling Saskatchewan waters for aquatic invasive species.

Environment also belongs to West911, a network of western states and provinces intended to alert neighbouring jurisdictions when high-risk watercraft are being transported across state/provincial boundaries. We saw evidence of Environment being informed through this network when a boat was decontaminated by the State of Utah in 2012 that was travelling to Saskatchewan.

4.5 Rapid Response Plan Required

If invasive mussels or other aquatic invasive species are detected, Environment wants people to call the TIP[14] line immediately. According to Environment, such reports would be forwarded to the local Conservation Officer for follow up as a compliance action, or to the Fish and Wildlife Branch of Environment for verification of a sighting in the environment. Environment did not receive any calls through its TIP line in relation to aquatic invasive species in 2015 (which may be indicative of insufficient public awareness – see **Recommendation 2**).

At January 2016, Environment was drafting a response plan to address the immediate threat of invasive mussels in the province.

A good rapid response plan clearly outlines roles of all parties, and designates a lead to carry out the actions specified in the plan. It would aid management in responding to the detection of aquatic invasive species in a formal and timely manner (i.e., before species become established). A good response plan can minimize the impact of, and spread of aquatic invasive species. Once completed, the plan should be tested.

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[14] Environment encourages the public to report any suspected sightings of aquatic invasive species to its Turn in Poachers (TIP) Line (1-800-667-7561).

5. We recommend that the Ministry of Environment complete and test a formal rapid response plan to mitigate the spread of aquatic invasive species in Saskatchewan waters.

4.6 Prevention Strategies Being Monitored

Environment monitors the delivery of its annual action plans related to aquatic invasive species. For example, Environment keeps track of the results obtained through its monitoring protocols (i.e., AIMM and the Veliger Monitoring). Environment also routinely shares the results of its samplings to its partners (e.g., SaskPower and Water Security Agency).

As noted above, Environment does not have a comprehensive aquatic invasive species strategy it can evaluate. Once devised, Environment should establish monitoring and evaluation processes to help to determine any gaps or changes required to its prevention efforts.

Environment provides numerous communications to the public regarding threats posed by aquatic invasive species as well as how the public can help in prevention efforts. However, as noted above, it does not regularly determine whether the public are sufficiently aware of these threats (see **Recommendation 2**).

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Chapter 8
Finance—Monitoring the Fuel Tax Exemption Program

1.0 MAIN POINTS

Saskatchewan, like other governments, frequently uses tax expenditures to promote specific policy objectives (e.g., social or economic goals) or to encourage desired behaviours without incurring direct costs. Tax expenditures reduce the amount of taxes levied on select individuals and/or corporations. For 2015-16, Saskatchewan expected to levy approximately $3.9 billion[1] (2014-15: $3.8 billion) fewer taxes given its various tax expenditure programs. The Ministry of Finance (Ministry) administers most of these programs including the fuel tax exemption program.

Under the fuel tax exemption program, since 1987, certain eligible participants (e.g., farmers, commercial fishers) can purchase fuel tax free for use in specified activities. This program offers tax exemptions to farmers, primary producers of renewable resources, and consumers of heating fuel. For 2015-16, Saskatchewan expected to levy about $155.8 million[2] (2014-15: $145.9 million) less fuel tax revenue under this program.

For the 12-month period ended July 31, 2015, the Ministry of Finance had, other than for the following matters, effective processes to monitor whether its fuel tax exemption program is achieving program objectives. Because it has not specifically determined what the fuel tax exemption program is designed to achieve (other than reducing taxes for eligible individuals or corporations), the Ministry does not know whether the fuel tax exemption program is successful and continues to be needed. Because the use of tax expenditures results in lower revenues, the Government, and in turn legislators, must have a clear understanding of what specific tax expenditures are expected to achieve, and know whether they are achieving the intended results.

Also, at July 2015, the Government gave the public limited information on its tax expenditure programs. Determining and making public information on tax expenditure program achievements facilitates scrutiny of these programs.

In addition, Ministry staff must sufficiently and appropriately document tax expenditure program reviews to show they conduct robust program reviews, and to support recommendations made, if any. Without sufficient information, senior management risks making incorrect decisions regarding the results of program reviews.

Furthermore, the Ministry needs to document its key operating procedures, and coordinate its risk assessment activities for the fuel tax exemption program. Such documentation and coordination helps ensure staff is sufficiently aware of and address risks that may affect program delivery in the event of unplanned staff turnover.

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[1] Government of Saskatchewan, *Saskatchewan Provincial Budget 15-16*, pp. 62-63.
[2] Ibid., p. 62.

2.0 INTRODUCTION

The Minister of Finance (Minister) is responsible for *The Fuel Tax Act, 2000* (Act).[3] The Act imposes a tax on persons importing or purchasing fuel in Saskatchewan (e.g., 15 cents per litre on clear gasoline and clear diesel fuel and nine cents per litre on propane).[4] The Act also allows for certain individuals to purchase tax-exempt fuel.[5]

This chapter describes the results of our audit of the Ministry's processes to monitor whether its fuel tax exemption program (program) is achieving program objectives. See **Glossary** in **Section 5.0** for definition of items in **bold** font.[6]

2.1 Tax Expenditures and Saskatchewan's Use of Them

Governments use tax systems to promote and encourage desired behaviours, or social and economic goals (e.g., recycling, saving for retirement, using public transit). They frequently use **tax expenditures** to promote specific policy objectives without incurring direct costs. Tax expenditures are designed to reduce the amount of taxes that individuals and/or corporations would otherwise pay to a government. They provide for tax exemptions, deductions, credits, preferential tax rates, or deferrals to select groups or for specific activities.[7] Use of tax expenditures results in governments levying fewer taxes (i.e., forgoing revenue).

One of the key functions of the Ministry is developing and implementing tax policy on behalf of the Government of Saskatchewan.[8] This includes the Government's use of tax expenditures. In some cases, the Provincial Government chooses to align its tax expenditures with those of the Federal Government (e.g., deductions for registered retirement savings plans). In other cases, it designs its own (e.g., fuel tax exemption).

Each year, the Provincial Government forgoes billions of dollars in tax revenues as a result of a wide range of tax expenditures. For example, its estimated tax expenditures for 2015-16 is approximately $3.9 billion[9] (2014-15: $3.8 billion). These tax expenditures reduce:

- Consumption taxes on the purchase of certain goods and/or services (e.g., fuel tax exemptions for farm-use **fuel**, provincial sales tax exemptions on construction services, fertilizer, pesticides and seed, and on basic groceries)
- Personal (individual) income tax (e.g., deductions for registered retirement savings plan and pension contributions; non-refundable tax credits for dependent children, Canada Pension Plan contributions, and tuition) or corporate income tax (e.g., lower tax rates for small businesses and credits for investing in manufacturing and processing activities)

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[3] Order in Council 544/2014 dated October 29, 2014.
[4] www.finance.gov.sk.ca/taxes/ft (31 August 2015).
[5] *The Fuel Tax Act, 2000*, s.6.
[6] The term is in bold font where it is used for the first time in this chapter.
[7] Government of Saskatchewan, *Saskatchewan Provincial Budget 15-16*, p. 60.
[8] *The Ministry of Finance Regulations, 2007*, s.3(b)(v).
[9] Government of Saskatchewan, *Saskatchewan Provincial Budget 15-16*, pp. 62-63.

2.2 Importance of Monitoring Tax Expenditures

While a government's tax expenditures serve important social and economic objectives, risks exist, including:

- Increased complexity/cost in administration of the tax system
- Potential creation of distortions in consumer and other economic behavior (e.g., consumers may choose to invest using registered retirement savings plans over other types of investments)
- Increased compliance costs for businesses responsible for collecting taxes, which may be passed onto consumers[10]

Furthermore, because the use of tax expenditures results in lower revenues (forgone revenues), the government must have a clear understanding of what it expects to achieve from their use. It also must know whether its use of tax expenditures is achieving the intended results.

Regular **evaluation** of tax expenditures is important as the circumstances that led to their development and implementation can change (e.g., economic conditions improved since tax expenditure was initially designed).[11]

2.3 Saskatchewan's Fuel Tax Expenditures

Saskatchewan created the current fuel tax exemption program in 1987. In 2015-16, the Ministry estimates it will collect $544.1 million in fuel tax revenue (2014-15: $532.4 million)[12] and forgo $155.8 million (2014-15: $145.9 million)[13] of fuel tax revenues. It annually spends approximately $300 thousand administering three fuel tax exemptions:

- Farm activity exemption ($121.0 million) – This exemption program allows **farmers** to purchase certain fuel tax free for use in their eligible farming activities. Farmers must apply for a fuel tax exemption permit through the Ministry before being eligible to purchase tax-exempt fuel. Permit holders are exempt from paying fuel tax on **marked diesel fuel** and propane used in their farming activities. Permit holders are also exempt from fuel tax on 80% of their **permit-use gasoline** purchased from **bulk fuel dealers**.[14]
- Heating fuels exemption ($33.1 million) – Bulk fuel dealers must identify marked diesel sold for **heating** as heating fuel at the time of sale. Consumers can only purchase heating fuel without an exemption permit when delivered by a bulk dealer into a tank that is used exclusively for heating fuel storage. A consumer is required to have a valid heating fuel permit to buy heating fuel from bulk dealers or from card lock/key lock facilities tax free.[15]

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[10] Government of Saskatchewan, *Saskatchewan Provincial Budget 15-16*, p. 61.

[11] Auditor General of Canada, *Spring 2015 Reports of the Auditor General of Canada, Report 3—Tax-Based Expenditures*, (2015), p. 11.

[12] Government of Saskatchewan, *Saskatchewan Provincial Budget 15-16*, p. 78.

[13] Ibid., p. 62.

[14] Ministry of Finance, *Fuel Tax Bulletin 1: General Fuel Tax Information*, (2010). p. 3 "To simplify tax reporting and administration the bulk fuel dealer will show the amount of tax collected as 3 cents per litre."

[15] Ministry of Finance, *Fuel Tax Bulletin 1: General Fuel Tax Information*, (2010), p. 3.

- Primary producers exemption ($1.7 million) – The design of the primary producers exemption is the same as the farm activity exemption. It allows **primary producers of renewable resources** to purchase certain fuel tax free for use in their eligible commercial fishing, trapping or logging activities.[16]

All fuel purchased for eligible purposes by a permit holder receives the exemption. The more fuel that is purchased, the more revenue the government forgoes. Since 2010, the actual amount of exempt fuel purchased has increased by almost 174 million litres (16.7%) (see **Figure 1**), resulting in forgone revenue increasing by $22.5 million (16.9%) (see **Figure 2**). The Ministry also recovers approximately $2.5 million of fuel tax annually from program participants who self-declare personal fuel consumption.

Figure 1—Volume of Fuel Sold under the Fuel Tax Exemption Program

Calendar Year	Farm Activity^	Heating Fuel	Primary Producers^	Total
		(millions of litres)		
2015 (estimate)	836.6	368.3	11.6	**1,216.5**
2014	813.2	352.4	11.4	**1,177.0**
2013	785.6	336.9	9.3	**1,131.8**
2012	728.1	298.1	8.2	**1,034.4**
2011	749.1	293.6	8.5	**1,051.2**
2010	736.4	298.1	8.2	**1,042.7**

Source: Ministry of Finance records.
^ Includes sales of permit-use gasoline and marked diesel.

Figure 2—Forgone Revenue under the Fuel Tax Exemption Program

Calendar Year	Farm Activity	Heating Fuel	Primary Producers	Total Actual (unless otherwise stated)	Total Estimate
			(in millions)		
2015 (estimate)	$121.0	$33.1	$1.7	**$155.8**	**$155.8**
2014	117.4	31.7	1.7	**150.8**	**145.9**
2013	113.6	30.3	1.4	**145.3**	**134.3**
2012	104.3	26.8	1.2	**132.3**	**148.3**
2011	107.5	26.4	1.3	**135.2**	**141.0**
2010	105.3	26.8	1.2	**133.3**	**125.2**

Source: Ministry of Finance records.

Assessing whether the fuel tax exemption program is meeting its objective(s) is important so that the Ministry knows whether it is achieving the program's social and/or economic goals. Also, if these exemptions were not available, the Government would collect significantly more fuel tax revenue that could be available to fund government programs. It is also important to periodically assess whether use of tax exemptions is the most effective and efficient way to meet program objectives. For example, different program designs (e.g., grant program) may also achieve the same objectives while providing more ability to control the total cost of the program.

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[16] Ministry of Finance, *Fuel Tax Bulletin 1: General Fuel Tax Information*, (2010), p. 1.

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess whether the Ministry of Finance had effective processes, for the 12-month period ended July 31, 2015, to monitor whether its fuel tax exemption program is achieving program objectives.

We did not evaluate the appropriateness of the fuel tax exemption program objectives.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's processes, we used criteria based on related work, reviews of literature including reports of other auditors, and consultations with management. Management agreed with the criteria (see **Figure 3**). We interviewed Ministry management responsible for the fuel tax exemption program, and reviewed related documentation. We sampled permit applications, renewals, cancellations, and the Ministry's audits to assess whether its processes were operating effectively.

Figure 3—Audit Criteria

1. **Operate program**
    - 1.1 Define measurable program objectives
    - 1.2 Establish policies and procedures for operation of the program consistent with program objectives and legislation
    - 1.3 Set targets to measure performance
    - 1.4 Communicate program information to the public
    - 1.5 Assign qualified staff to oversee program operation
    - 1.6 Identify and mitigate risks to achievement of objectives
2. **Periodically evaluate program**
    - 2.1 Establish evaluation processes (responsibility, timing, evaluation criteria)
    - 2.2 Track key information for performance measures
    - 2.3 Analyze program effectiveness
    - 2.4 Analyze program efficiency
    - 2.5 Recommend program and legislative changes where required
3. **Communicate program results**
    - 3.1 Report relevant and timely information on program to senior management
    - 3.2 Provide the Legislative Assembly with relevant and timely information
    - 3.3 Report clear and useful information on the program to the public

We concluded that, for the 12-month period ended July 31, 2015, the Ministry of Finance had, other than for the following areas, effective processes to monitor whether its fuel tax exemption program is achieving program objectives. For the fuel tax exemption program, the Ministry needs to set out how it plans to measure the success of each component of the program, document its key operating procedures, and coordinate its program risk assessment activities and related documentation.

Also, the Ministry needs to require staff to sufficiently document tax expenditure program reviews. In addition, it needs to give legislators more information about its tax expenditure programs.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Fuel Tax Exemption Program Operation

4.1.1 Measurable Program Objectives Needed for Farm Activity and Primary Producers Exemptions

We expected the Ministry to clearly define, and periodically reassess, measureable objectives for the fuel tax exemption program. To help it assess the effectiveness of the program, the Ministry would set performance measures for each program objective and targets (i.e., expectations) for its key performance measures.

The Ministry has established two objectives for its fuel tax exemption program:

- To provide fuel tax relief to qualified farmers and primary producers for fuel used in their farming, commercial fishing, trapping, or logging activities with the understanding that the majority of fuel will be consumed off-road.[17]
- To reduce the cost of fuel as a heating source, making it comparable with other sources such as natural gas; there is no tax on the purchase of natural gas.[18]

As previously noted, governments use tax systems to promote and encourage desired behaviours, or to meet social and economic goals (i.e., desired outcomes). For the heating fuel tax exemption, the objective above clearly articulates what the program intends to achieve in a measurable way (i.e., parity in the tax treatment of heating sources resulting in comparable costs of heating fuel to other sources such as natural gas).

However, the Ministry has not clearly defined the objective, in a measurable way, for its fuel tax exemptions for farmers and primary producers. The objective for these components (as noted above) does not clearly articulate the intended outcome of the tax exemptions provided to farmers and primary producers (i.e., the social or economic goals or behaviour the exemptions are trying to encourage).

Without well defined, measurable objectives, the Ministry cannot effectively determine whether these components of the program are successful in achieving planned outcomes.

1. **We recommend that the Ministry of Finance set out how it plans to measure the success of each component of its fuel tax exemption program.**

As later noted in **Section 4.2**, management periodically reassesses the objectives of the fuel tax exemption program.

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[17] Ministry of Finance, *Revenue Division – Farm Fuel Program Review*, (2013), p. 4.
[18] Ministry of Finance, *Heating Fuel Program Review*, (2013), p. 1.

Management tracks program activities for both of the objectives previously mentioned. It focuses on outputs (e.g., number of permits issued, number of litres of exempt fuel sold, tax dollars saved by the permit holder), and aspects of its process to assess whether the Ministry operates the program consistent with established practices (e.g., permit holders who fail to file an annual return and declaration[19] or do not meet the qualifying criteria).

Management indicated that it sets targets (i.e., expectations) for some of its activities (e.g., it expects to cancel 100% of permits where holder fails to file a return and declaration or does not meet the qualifying criteria). Also, each year, the Ministry estimates the value of fuel tax expenditures; that is, the extent of revenue the Government expects to forgo for the upcoming year. It bases its estimate on the extent of producers' or consumers' use of fuel and the program.

4.1.2 Complete Documentation of Key Operating Procedures Needed

We expected the Ministry to assign qualified staff to manage operations of the program. It would document and communicate to staff policies and procedures for the day-to-day operations of the program. The established policies and procedures would be consistent with the program's objectives and with relevant legislation. The Ministry would communicate clear guidelines for the program to the public including how to apply for program permits.

The Ministry communicates clear information to the public on the fuel tax exemption program using its website. The website contains the forms that program users (e.g., farmers and primary producers) use to apply for and/or renew permits, and oil companies and bulk fuel dealers use to apply for applicable licences (e.g., to mark diesel fuel to sell to permit holders). The website also includes a link to periodic communications the Ministry issues about the program (e.g., fuel tax bulletins). These bulletins provide detailed program information including key definitions, rules for use of fuel purchased with a permit, rules for bulk fuel dealers, and information on how to apply for permits.

Ministry staff are responsible for assessing applications, conducting audits, and conducting enforcement activities such as testing fuel from tanks of non-eligible diesel vehicles (e.g., construction equipment) at a farmer's residence. At July 2015, the Ministry had four staff who, as part of their duties, directly administer the fuel tax exemption program. Job descriptions of these staff set out key competencies and experience required. Also, the Ministry provides staff with training on *The Fuel Tax Act, 2000*, *The Fuel Tax Regulations, 2000*, relevant Fuel Tax Bulletins, and processes to complete their duties before they start assessing permit applications, conducting audits, or conducting enforcement activities.

The Ministry has some established procedures to guide staff on the program's day-to-day operations. It provides this guidance in various documents and formats. For example, it has detailed procedures for issuing and cancelling permits in its computer system. It uses a flow chart that sets out high-level processes for processing annual returns and declarations. It maintains a manual on conducting enforcement activities (e.g., testing fuel, issuing tickets).

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[19] Permit holders must file an annual return and declaration to renew their permit. In doing so, permit holders confirm whether they still meet eligibility criteria and declare the amount of, and pay tax on, exempt fuel they used for personal or non-farm business.

For permit applications we tested, we found that Ministry staff followed its accepted practice when completing fuel tax application audits; selecting permit holders to audit for appropriate use of exempt fuel; and processing permit applications, renewals, and cancellations. We found that staff were generally familiar with the practices due to low turnover in recent years of staff assigned to this area.

While the Ministry's practice was consistent with the fuel tax exemption program's objectives and with relevant legislation, we found some key procedures were not documented. We found the Ministry had no documented guidance for:

- Selecting permit applications to conduct further eligibility reviews (i.e., application audits)
- Reporting on the program to senior management

Although we found the Ministry followed its practices, not documenting procedures increases the risk that the Ministry may not detect significant misuse of permits, or give sufficient information to senior management in the event of staff turnover.

2. **We recommend that the Ministry of Finance document key operating procedures for the fuel tax exemption program.**

4.1.3 Coordination of Risk Assessment Activities Needed

We expected the Ministry to identify and assess risks it may face in achieving the program objectives. It would develop risk mitigation strategies for the key risks it identified.

We found risk assessments of the program were conducted by more than one area of the Ministry's Revenue Division. Also, the results of risk assessments were not readily shared with staff responsible for administering and managing the program.

- The Ministry's Revenue Operations Branch (that administers the program) undertook some risk assessment activities as part of evaluation activities. They documented one high-level risk that would prevent it from achieving fuel tax exemption program objectives. This risk was ineligible fuel usage. Staff identified some actions to mitigate this risk (e.g., ongoing program monitoring, assessing the risk of leakage,[20] audits).
- The Ministry's Revenue Audit Branch, as part of its fuel tax audit[21] selection processes, also assessed risk. This risk assessment included fuel tax expenditure risks in addition to the risk the Revenue Operations Branch noted (e.g., risks related

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[20] Leakage refers to ineligible individuals using the exemption or diverting permit-use fuel for ineligible purposes.

[21] The Ministry's Audit Branch completes audits related to fuel tax exemption to determine whether permit holders are using exempt fuel for activities that do not qualify under the program. These audits are different than fuel tax exemption program application audits, which determine whether the applicant is eligible to participate in the program.

to companies that export fuel out of Saskatchewan[22] acquiring fuel tax free and delivering locally). The Branch's risk assessment provided additional detail on risks related to fuel usage (e.g., misuse of marked diesel for commercial purposes, misuse of discounted gasoline). It grouped risks by participants in the exemption program (e.g., farmers, loggers, bulk fuel dealers). Because the primary purpose of this assessment was to assist the Audit Branch in selecting audits, it did not identify key mitigation strategies or share the assessment with staff responsible for administering or managing the program.

Without sufficiently coordinating and sharing the results of risk assessment activities, management may be duplicating efforts in assessing risks. They may not be sufficiently aware of emerging risks or changes in risk exposure. As such, they may not effectively respond to such risks (e.g., revise program, operating policies or procedures). Also, knowledge of program risks could be lost in the event of unplanned staff turnover.

3. **We recommend that the Ministry of Finance coordinate its risk assessment activities and related documentation for the fuel tax exemption program.**

4.2 Fuel Tax Exemption Program Evaluation

4.2.1 Evaluation of the Fuel Tax Exemption Program Needs Improvement

We expected the Ministry to establish and follow a process to evaluate the effectiveness and efficiency of the program. We also expected that it would document detailed program evaluation criteria; these criteria would cover all aspects of the program, be current, and set out factors on which it is collecting information (i.e., measures). The Ministry would involve staff independent of program administration in the evaluation process. The Ministry would analyze and conclude on both program effectiveness and efficiency. It would determine changes to the program or legislation where required.

The Ministry tracked, throughout the year, the following two measures to monitor its administration of the program, and identify changes in program administration:

- It tracks the number of reinstated permits (i.e., permits that are cancelled and later re-issued). To renew permits, permit holders must submit a return and declaration form by a specified date each year. The Ministry cancels permits 30 days after the annual renewal deadline. Former permit holders must reapply. Over the past three years, the number of permits reinstated rose from 529 in 2012 to 719 in 2013[23] before decreasing to 620 in 2014.

  The Ministry recognizes that processing new applications takes more time than permit renewals. To achieve efficiencies, the Ministry aims to reduce the number of reinstated permits by having more existing permit holders meet renewal deadlines.

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[22] Licensed fuel exporters can purchase fuel tax free.

[23] Management indicated that the increase from 2012 to 2013 was due to a change in the deadline to file the annual return.

- It tracks the number of program participants filing annual returns electronically. Program participants can file their annual return online through the Ministry's Saskatchewan Electronic Tax Service (SETS)[24] or manually (i.e., paper format). From 2012 to 2014, the number of electronically-filed returns rose each year (2012: 14,702; 2013: 16,181; and 2014: 16,759). To check participants' eligibility criteria and renew permits, SETS interfaces with the Ministry's other computer systems. For returns filed in paper format, the Ministry manually processes the return including manually checking for accuracy and eligibility criteria.

  The Ministry recognizes electronic filing is more efficient because it reduces staff time spent on processing renewals. It is encouraging program participants to file electronically.

In addition, the Ministry has a documented process to formally review program effectiveness and efficiency (i.e., program review). The Ministry reviews its programs on an ongoing basis to ensure it delivers programs and services as efficiently and effectively as possible and its programs are aligned with the Government's priorities.[25]

A program review may result in recommendations, if necessary, for changes to the program structure or design including changes where the Ministry must seek changes to the related law (e.g., *The Fuel Tax Act, 2000*).

The Ministry provides staff conducting program reviews with a template. The template sets out key steps and lines of enquiry (questions) for staff to consider during the review. Fully responding to each line of enquiry in the template helps support assessments made during the review. For example, to assess program effectiveness, staff are to consider the following: overall policy objectives of the program, outcomes that the program seeks to accomplish, reach of the program, changes that could improve outcomes or better meet client needs, etc. To assess program efficiency, staff are to consider the following: possible changes to improve services for the same or lower cost, alternative service delivery options, improvements to make the program more cost-effective, etc.

We found that the Ministry's expected timing and documented process to carry out program reviews were reasonable except that the Ministry did not require the program review team to include staff that were not involved in administering the program under review. We found that only staff responsible for administering the fuel tax exemption program took part in a review of this program.

In May 2015, the Ministry revised its program review guidance to require program review teams to include staff other than those involved in administration of the program under review.

In our examination of the report of a fuel tax exemption program review provided to senior management for its review and approval, we noted that the report did not include any recommendations for program changes. The last significant change to the program was in 2012 when the Ministry changed the deadline for permit holders to file their annual return and declaration.

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[24] SETS is an online service through which taxpayers can file and pay their tax returns, and view their tax account information.
[25] Government of Saskatchewan, *Saskatchewan Plan for Growth Vision 2020 and Beyond*, (2012) p. 57.

While the fuel tax exemption program review team used the Ministry's standard template to conduct the review, some of the responses to specific questions posed in the Ministry template were insufficient:

- Responses to some of the questions posed were incomplete (i.e., did not fully answer the question).

- Responses did not indicate whether outcomes were measurable, how outcomes were monitored, the information that was used to monitor, and whether client feedback was used. These are lines of enquiry included in the template. The template asks for evidence that the program is effectively achieving its goals and objectives. The template includes questions designed to help determine this (e.g., are outcomes measurable, how are outcomes monitored and how frequently, what information is used, and is direct client feedback used).

In addition, we noted that the program review did not specifically indicate whether the program did in fact achieve program objectives (i.e., conclude whether the farmer/primary producer tax exemption achieved its intended outcomes). It could not do so because the objective for this program was not clear or measurable (see **Recommendation 1**).

Instead, the fuel tax exemption program review focused on some of the program's key activities. While these provide information on the extent of use of the program, they provide limited insight as to whether the fuel tax exemption program is achieving what it was designed to achieve.

Use of program staff having significant familiarity with the fuel tax exemption program to carry out the program review may have resulted in the lack of detailed responses to the questions in the program template. Sufficient and appropriate program review documentation is needed so that staff can show they have conducted a robust program review, and to support recommendations made, if any. Without sufficient information, there is a risk that senior management may make incorrect decisions regarding the program.

4. **We recommend that the Ministry of Finance require staff to sufficiently document tax expenditure program reviews to support the results of its reviews.**

The Ministry does not publish the results of its program reviews. While this is not dissimilar to most other provincial governments, the Government of Canada makes the results of its program reviews public.[26]

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[26] Government of Canada, Treasury Board of Canada Secretariat, *Standard on Evaluation for the Government of Canada*, (2009), s.6.4.2. Evaluation information on the ongoing relevance and performance of direct program spending is available to Parliament and Canadians to support government accountability for results achieved by policies and programs.

4.2.2 Timely Reports Provided to Senior Management

We expected the Ministry would have documented processes for collecting and reporting data for its performance measures. It would provide senior management with timely reports on the program.

In addition to program review results discussed in **Section 4.2.1**, the Ministry collects and reports annually to senior management on some of its activities. Senior management receives a report each year that sets out the actual amount of exempt fuel sold (in litres) and tax expenditures (i.e., forgone revenue) for the current and previous 10 years. This information allows identification of year-over-year trends in the use of the exemption.

4.3 Communicating Program Results to Legislators and the Public

4.3.1 Reporting to the Legislative Assembly and the Public Needs Improvement

The Organization for Economic Co-operation and Development (OECD) best practice guidelines recommend that legislators be provided with similar information for tax expenditures as for other expenditure programs (e.g., grant programs).[27] *We expected the Ministry would provide information to the Legislative Assembly when it makes decisions (e.g., when reviewing proposed legislation changes or reviewing the government's spending and assessing its performance). The Ministry would report clear and useful program information to the public (e.g., program objectives, planned and actual program results, etc.).*

The nature and extent of information the Ministry provides on its tax expenditure programs is not consistent with that provided for spending programs.

For spending programs, the Ministry publishes, as part of the *Provincial Budget*[28] package, current year estimates, prior year's estimates, and prior year's forecasted expenses (actual results are not known at the time of budget preparation). It also publishes, in the annual Summary Financial Statements, actual expenses for the current and prior years.

The Ministry, as part of the *Provincial Budget*, published a listing of each tax expenditure program and current year's estimated value of the tax expenditures.[29] It does not provide a comparative to the prior year or an updated estimate for the current year. The Ministry publishes, in its annual report, the number of farmers who renewed their fuel tax permit online.[30] It does not publish actual revenues forgone for the fuel tax exemption program in the year.

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[27] Organization for Economic Co-operation and Development, *Best Practice Guidelines - Off Budget and Tax Expenditures*, (2004), p. 13.
[28] www.finance.gov.sk.ca/budget2015-16 (8 October 2015).
[29] Government of Saskatchewan, *Saskatchewan Provincial Budget 15-16*, pp. 60-62.
[30] *Ministry of Finance Annual Report for 2014-15*, p. 15.

Management indicated that it provides additional information as requested by members of the Legislative Assembly. Legislators did not specifically request additional information during the 12-month period ended July 2015 (our audit period).

We reviewed other governments' public reporting on tax expenditures (e.g., other provinces, Government of Canada, Government of Australia). We found that the Governments of Canada and Australia[31] publish more information on tax expenditures than Saskatchewan. Those jurisdictions provide for each key tax expenditure program:

- The tax expenditure program objective
- A description of how the tax expenditure estimates are calculated including key assumptions used (e.g., tax deductions for registered retirement savings plans are calculated at 18% of earned income up to a set maximum)
- Projected cost estimates for future years (for a similar period as provided for spending programs)
- Actual value of tax expenditures for the current or prior years
- Total number of beneficiaries of tax expenditure programs

As the OECD indicates, it is important that legislators subject tax expenditures to similar scrutiny as spending programs. Less rigorous control of tax expenditures than spending programs may create an incentive for governments to use subsidies and transfers in the form of tax expenditures, regardless of the objective considerations that could justify such a choice.[32] Without additional information, legislators may not have a sufficient understanding of tax expenditure programs or be able to effectively scrutinize government decisions.

The Ministry does not publish information on tax expenditure program achievements. Providing information on program achievements to the public facilitates public scrutiny of government decisions and enhances government accountability for results achieved by its programs.

5. **We recommend that the Ministry of Finance annually give the Legislative Assembly the following additional information on key tax expenditure programs:**
    - **Measurable program objectives (what the tax expenditure is designed to achieve)**
    - **Key assumptions used to estimate tax expenditures**
    - **Actual value of tax expenditures based on available information**

6. **We recommend that the Ministry of Finance periodically publish the achievements of its key tax expenditure programs.**

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[31] Australia: www.treasury.gov.au/PublicationsAndMedia/Publications/2015/TES-2014. Canada: www.fin.gc.ca/purl/taxexp-eng.asp (5 October 2015).

[32] Organization for Economic Co-operation and Development, *Best Practice Guidelines – Off Budget and Tax Expenditures*, (2004), p. 14.

5.0 GLOSSARY

Bulk Fuel Dealer – A vendor who, in the normal course of business, does not dispense fuel directly into the fuel tank of a motor vehicle other than through the use of a cardlock or key-lock facility. (*The Fuel Tax Regulations, 2000*, section 2)

Evaluation – A review performed after the implementation of the tax measure where effectiveness, equity, compliance, administration issues, and the efficiency of the means to deliver the government support are examined together to assess the ongoing relevance and performance of the tax measure. (Auditor General of Canada, *Spring 2015 Report of the Auditor General of Canada, Report 3—Tax-based Expenditures*, paragraph 3.56)

Farmer – A person who controls and is responsible for the operation of a farm, owns or is the lessee of the farm, and makes an appreciable contribution to the growth and maturity of primary farm products by being actively and directly involved in farming operations. It does not include a person who is the lessor or has entered into any other agreement whereby the person has transferred the farm or an interest in the farm to another person for the purpose of farming it, buys primary farm products solely for the purpose of resale, or holds an interest in the farm solely for investment purposes. (*The Fuel Tax Regulations, 2000*, section 2)

Fuel – Any combustible gas or combustible liquid that may be used to generate power by means of an internal combustion or turbine engine, but does not include a prescribed fuel or fuel when used for a prescribed use. Prescribed means prescribed in *The Fuel Tax Regulations, 2000*. (*The Fuel Tax Regulations, 2000*, section 2)

Heating – Using fuel in a device that contains a burner to produce an open flame, but does not include using fuel:

- To power an internal combustion engine or turbine engine
- As a means of propulsion
- For regulating temperature in a trailer or container used for the private or commercial transportation of goods
- To produce electricity or to power a compressor or pump
- For fabrication processes such as cutting or welding. (*Saskatchewan Ministry of Finance Information Bulletin – Fuel Tax, General Information, January 2010*)

Marked Diesel Fuel – Diesel fuel that has been marked or coloured in accordance with the Act and includes prescribed diesel fuel that has been marked or coloured pursuant to the laws of another jurisdiction. It is marked by adding an approved dye using a mechanical injector system. (*The Fuel Tax Regulations, 2000*, section 2)

Permit-use Gasoline – Gasoline and ethanol-blended gasoline purchased by a holder of a fuel tax exemption permit for use by that person in that person's farming operations or in that person's business as a primary producer of renewable resources. (*The Fuel Tax Regulations, 2000*, section 2)

Primary Producer of Renewable Resources – A commercial fisher, commercial logger, commercial harvester of peat moss, or commercial trapper. (*The Fuel Tax Regulations, 2000*, section 2)

Tax Expenditures – Preferential provisions of the tax law that are only available to certain taxpayers and can include exemptions, deductions, deferrals, and credits that affect the level of tax. They may include special tax rates. They provide tax relief of taxes previously paid or currently owing and are seen as forgone revenue. (*CPA Canada Canadian public sector accounting standard, PS 3510 – Tax Revenue*)

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Chapter 9
Gradworks Inc.—Achieving Intern Development Program Goals

1.0 MAIN POINTS

Gradworks Inc. (Gradworks) is responsible for the Gradworks Intern Development Program (Intern Program). The Intern Program provides recent post-secondary graduates with employment experiences through paid internships with the Crown Investments Corporation of Saskatchewan (CIC), CIC Crown corporations, and their subsidiaries (partner employers). It is designed to help attract future employees, reflective of the demographics of Saskatchewan, to the public sector.

For the 12-month period ended December 31, 2015, Gradworks had effective processes to achieve the Intern Program goals, except for the following.

It needs to clearly communicate to partner employers its expectations related to using interns to help contribute to achieving a representative workforce (i.e., its diversity targets). Partner employers need this information so that the practices used when hiring interns align with Gradworks' expectations for the Intern Program.

Also, Gradworks needs to verify that internship applicants possess the required educational program eligibility requirements. Not verifying credentials increases the risk of ineligible interns being considered for, and filling internships.

Gradworks needs to report the results (i.e., what it achieved) of the Intern Program to partner employers and the public. Reporting results informs partner employers of areas where action to contribute towards the achievement of the Intern Program goals is needed, and facilitates public scrutiny of the Intern Program.

2.0 INTRODUCTION

This chapter describes the results of our audit of Gradworks' processes to achieve the Intern Program goals.

2.1 Gradworks Intern Development Program Purpose and Goals

The Saskatchewan Plan for Growth: Vision 2020 and Beyond (2012) indicates that educating, training, and developing a skilled workforce is a core growth activity of the Government of Saskatchewan to accomplish its strategy to secure a better quality of life for all Saskatchewan people.[1] In January 2016, the Federal Government reported labour shortages are expected to continue to increase in Canada as the economy improves, and an aging population exerts pressure on the labour market.[2]

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[1] www.saskatchewan.ca/~/media/files/pdfs/saskatchewan%20plan%20for%20growth%20-%20full%20version.pdf p. 4. (25 January 2016).

[2] www.budget.gc.ca/2014/docs/jobs-emplois/pdf/jobs-emplois-eng.pdf p. 12. (25 January 2016).

Saskatchewan, Alberta, and Newfoundland and Labrador saw the largest increase in job vacancy rates from 2009 to 2014, largely reflecting high labour demand in certain occupations.[3] In 2015, Saskatchewan had the lowest unemployment rate in Canada. Statistics Canada reported that the December 2015 unemployment rate in Saskatchewan was 5.5% as compared to British Columbia's rate of 6.7%, Alberta's rate of 7.0%, Manitoba's rate of 5.9%, and Canada's overall rate of 7.1%.[4]

Because of the skilled labour shortage[5] and low unemployment rate[6] in Saskatchewan, employers in Saskatchewan, including the Crown Investments Corporation of Saskatchewan and its subsidiary corporations (CIC crown sector), have faced increased competition when recruiting potential future employees. Furthermore, the CIC crown sector is facing expected resource gaps from the retirement of baby boomers currently in their employ.[7] Specifically, CIC's *2014 Managing the Bubble Report* expected that as of December 2014, more than one half of the permanent staff in the CIC crown sector could retire by 2020.[8]

Since 2005, the CIC crown sector has used the Intern Program to help attract future employees to the public sector, and fill expected resource gaps. The Intern Program provides recent post-secondary graduates with 12-month paid internships with partner employers comprised of CIC, CIC Crown corporations, and their subsidiaries. Gradworks Inc., a wholly-owned subsidiary of CIC, is responsible for the program.[9]

The goals of the Gradworks Intern Development Program are to:

- Provide recent graduates with Saskatchewan career opportunities
- Increase retention of young people in Saskatchewan
- Develop potential future employees for the crown sector of Saskatchewan
- Develop current employees through their participation as coaches/mentors to interns
- Support Saskatchewan's Crown corporations in their role as Employers of Choice
- Support the values of workplace diversity and employment equity[10]

Since 2005, Gradworks, in conjunction with partner employers, has hired a total of 858 interns.[11] **Figure 1** shows the number of interns participating in the program for the past five years. For those years, Gradworks targeted hiring 75 interns each year for placement with nine partner employers.

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[3] www.budget.gc.ca/2014/docs/jobs-emplois/pdf/jobs-emplois-eng.pdf, p. 32. (25 January 2016).

[4] www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/lfss01c-eng.htm, www.statcan.gc.ca/daily-quotidien/160108/t003a-eng.htm (25 January 2016).

[5] www.theglobeandmail.com/report-on-business/economy/economy-lab/dont-be-fooled-by-7-unemployment-a-labour-shortage-is-coming/article15280766/ (25 January 2016).

[6] www.conferenceboard.ca/hcp/provincial/economy/unemployment.aspx (25 January 2016).

[7] *Gradworks 2015 Work Plan*, p. 5.

[8] www.cicorp.sk.ca/+pub/Documents/Managing%20the%20Bubble%20Long%20Version%202014%20Final.pdf (25 January 2016).

[9] Crown Investments Corporation of Saskatchewan established Gradworks Inc. in 2005 to operate the Gradworks Intern Development Program.

[10] www.gradworks.ca/what-is-gradworks/program-overview (20 January 2016).

[11] Gradworks Inc. records.

Figure 1—Five-year History—Number of Gradworks Interns Placed with Partner Employers

	2015	2014	2013	2012	2011
Interns Placed	63	80	82	89	92

Source: Gradworks Inc. records.

2.2 Relationship between Gradworks Inc. and CIC

Gradworks is overseen by a Board comprised of senior CIC officials and one external member (e.g., a representative from a partner employer).

CIC, Gradworks' owner, provides Gradworks with operating funding for administrative expenses of the Intern Program (e.g., marketing, communications), and staff, at no additional cost, to administer the program.[12] Partner employers reimburse Gradworks for the salaries and benefits of interns placed in their agencies.[13] **Figure 2** shows Gradworks' expenses for the past five years.

Figure 2—Five-year History—Gradworks' Expenses

	2015	2014	2013	2012	2011
	(in thousands)				
Internship Salaries and Benefits	$ 2,765	$ 3,015	$ 3,147	$ 3,263	$ 3,097
Administrative and Other	78	98	100	90	74
Total Expenses	**$ 2,843**	**$ 3,113**	**$ 3,247**	**$ 3,353**	**$ 3,171**

Source: Gradworks Inc. audited financial statements 2011-2014 and financial records of Gradworks Inc.

A common concern of youth graduating from post-secondary institutions is not gaining a fulfilling career upon completion of their studies.[14] An effective Intern Program can provide graduates with relevant experience in their chosen field to help them advance in their career, and attract graduates to the public sector. Also, it provides employers with an opportunity to assess whether the intern is a good fit within the organization before offering permanent employment.

While Gradworks does not decide which particular interns to hire, in order to achieve its goals (e.g., to provide recent graduates with Saskatchewan career opportunities, to support workplace diversity and employment equity), it needs to make certain that its partner employers use fair hiring practices when selecting interns to hire.

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit is to assess the effectiveness of Gradworks' processes, for the year ended December 31, 2015, to achieve the Gradworks Intern Development Program goals.

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[12] CIC does not charge Gradworks a fee for general overhead costs or the salaries of CIC staff administering the program.

[13] Saskatchewan Transportation Company intern salaries and benefits are paid by CIC.

[14] www.theglobeandmail.com/news/national/education/the-expectation-gap-students-and-universities-roles-in-preparing-for-life-after-grad/article21187004/?page=all (25 January 2016).

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Gradworks' processes, we used criteria based on our related work, reviews of literature, and consultations with management. Management agreed with the criteria (see **Figure 3**).

Figure 3—Audit Criteria

1. **Establish program strategies and targeted outcomes**
    - 1.1 Agree upon roles and responsibilities of parties involved in program operation (i.e., Gradworks and partner employers)
    - 1.2 Assess risks to achievement of goals
    - 1.3 Determine key strategies to achieve goals
    - 1.4 Establish performance measures
    - 1.5 Set achievable performance targets
2. **Monitor program operation**
    - 2.1 Design operating policies and procedures consistent with program goals (e.g., for screening of intern applications, ongoing monitoring and performance evaluations)
    - 2.2 Confirm that partner employers have established policies and procedures (e.g., for identifying intern positions, hiring interns) that align with program goals
    - 2.3 Execute the program consistent with established policies and procedures
    - 2.4 Assign qualified staff to oversee program operation
3. **Periodically evaluate program effectiveness**
    - 3.1 Establish evaluation procedures (e.g., responsibility, timing, evaluation criteria)
    - 3.2 Track key information for performance measures
    - 3.3 Analyze and conclude on program effectiveness
    - 3.4 Implement program changes as required
    - 3.5 Communicate program results

We concluded that, for the 12-month period ended December 31, 2015, Gradworks had, other than for the following areas, effective processes to achieve the Intern Program goals. Gradworks needs to:

- **Tell partner employers of its expectations related to achievement of diversity targets**
- **Verify applicants possess the required educational program eligibility requirements**
- **Report program results to partner employers and the public**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations in italics) and our key findings along with related recommendations.

4.1 Roles and Responsibilities Established but Improved Communication Needed

We expected Gradworks would determine the key roles and responsibilities of it and partner employers in operating the Intern Program. We expected Gradworks and partner employers to formally agree upon these roles and responsibilities.

At program inception in 2005, Gradworks determined the key roles and responsibilities of itself and the partner employers. Gradworks documents these roles and responsibilities in five-year Gradworks Crown Corporation Agreements (Gradworks Agreement) with each partner employer.

Gradworks is responsible for the ongoing operation of the Intern Program. It sets program eligibility criteria, intern salaries, and evaluation processes. Gradworks approves internships proposed by partner employers, and performs initial screening of applicants against its eligibility criteria. Internship proposals outline a description of the internship, planned responsibilities and duties, required qualifications and skills of applicants, as well as information on the proposed partner employer coach.

Gradworks also promotes the Intern Program (e.g., via advertisements, its website, and participation in post-secondary career fairs), and provides interns with training and development opportunities. It gives partner employers guidance on training for partner employer coaches and for evaluating interns. Gradworks, as the official employer, pays the interns. Partner employers reimburse Gradworks for these amounts.

Partner employers are also responsible for:

- Identifying specific positions they wish to fill using the Intern Program
- Interviewing and selecting successful candidates from a listing of applicants who passed Gradworks' initial screening procedures
- Assigning management personnel to mentor and coach each intern (i.e., coach)
- Completing formal periodic evaluations of each intern's performance

CIC's legal counsel is responsible for establishing agreement templates and keeping agreements with partner employers current (e.g., upon expiration or when events significantly change the roles and responsibilities of Gradworks and/or the partner employers). For example, in March 2015, Gradworks amended its agreement with a partner employer given that one of the partner employer's subsidiaries expressed formal interest to participate in the program.

We found Gradworks had current Gradworks Agreements with all partner employers participating in the program. These agreements outlined expected key roles and responsibilities for partner employers.

However, while the Gradworks Agreements indicate that Gradworks and partner employers are to work together to achieve the Intern Program goals, they do not include specific requirements for partner employers to align their hiring practices with these goals. One of the Intern Program's goals is to support the value of workplace diversity and employment equity and Gradworks has set representative workforce (diversity) targets (see **Figure 4** for 2015 diversity targets and results). While partner employers' practices generally aligned with the Intern Program goals, we noted partner employers were not fully aware of and did not consider Gradworks' diversity targets when making their hiring decisions.

Without clear communication of its expectations to partner employers, there is increased risk that partner employers' practices are inconsistent with the Intern Program goals and as such, Gradworks may not be able to achieve the Intern Program goals.

1. We recommend that Gradworks Inc. communicate, in writing, to partner employers its expectations related to achievement of diversity targets for the Gradworks Intern Development Program.

Individual coaches employed by partner employers play a vital role in the Intern Program. Coaches are responsible for mentoring and evaluating individual interns. Gradworks uses standard Gradworks Coach Agreements signed with each coach to confirm each coach's commitment to the Intern Program.

These agreements include the following requirements: a one-year commitment to the program, weekly meetings with interns, regular meetings with Gradworks program consultants, adherence to Gradworks' Intern Program policies and procedures, submission of intern evaluations, providing the intern with valuable work, and assisting the intern in finding permanent employment. For specific internships we examined, Gradworks had signed agreements with each coach. Agreements clearly outlined all expected key roles and responsibilities for coaches.

4.2 Program Goals, Strategies, Measures, and Targets Established

We expected, in designing the Intern Program, Gradworks would obtain an understanding of key stakeholders' (e.g., partner employers, recent post-secondary graduates) needs, and consider those needs when setting the Intern Program's goals. We expected Gradworks would assess potential risks it may face in achieving the Intern Program's goals, and determine strategies that respond to such risks. To help it assess the effectiveness of the Intern Program, Gradworks would set performance measures and targets (i.e., expectations) for key performance measures.

4.2.1 Risk Assessment

Management told us that it considers the risks facing Gradworks as part of CIC's overall risk assessment. We found that some of the identified risks in CIC's overall risk assessment applied to Gradworks (e.g., inability to attract and retain employees, inability to transfer knowledge and develop staff to succeed into key roles).

Gradworks has identified strategies, either in its policies or in its annual work plans, that respond to these risks. For example, in the Gradworks' Representative Workforce Policy, the Board identified the challenge in meeting its diversity targets given the partner employer makes the final hiring decision. This Policy outlines strategies to address this challenge (e.g., Gradworks will inform and encourage partner employers to consider designating positions for candidates belonging to a representative group and/or interview and hire candidates belonging to those groups when possible).

During 2015, the Board discussed potential options (strategies) to increase participation of persons of Aboriginal descent. This discussion aligns with the goal of the Intern Program to support workplace diversity and employment equity, and the following strategies as set out in Gradworks' 2015 and 2016 work plans:

- To increase access for Crown corporations to educated, Aboriginal professionals
- To contribute to the achievement of a representative workforce that reflects the demographics of Saskatchewan

4.2.2 Program Goals, Strategies, Measures, and Targets

In 2005, when the Intern Program was first designed, Gradworks hired an outside consultant to assess stakeholder views, and propose the design of the Intern Program. It considered the needs of numerous stakeholders including post-secondary graduates, partner employers, Saskatchewan post-secondary institutions, municipalities, and the Board in developing the goals of the Intern Program (see **Figure 4**), and the eligibility criteria of applicant interns. To be eligible to participate in the Intern Program, applicants must:

- Have graduated from a recognized college, technical institute, or university program within the last five years
- Have less than one year of related work experience in the relevant field of study in Canada (less than five years of work experience in the relevant field of study outside of Canada)
- Be eligible to work in Canada
- Have not previously completed an internship with the Intern Program[15]

Gradworks uses Gradworks Agreements with each partner employer to reinforce the Intern Program's purpose; each Agreement specifies that the goal of the Intern Program is to provide graduates with challenging and career-focused positions during the course of internships. This goal generally aligns with the more specific goals of the Intern Program (see **Figure 4**).

Management of Gradworks uses CIC's balanced scorecard[16] framework to develop a work plan each year (annual work plan). The Board-approved annual work plan typically includes strategies along with related performance measures and targets that align with the goals of the Intern Program. The Board approved the 2015 work plan, highlighted in **Figure 4**, on November 6, 2014.

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[15] www.gradworks.ca/what-is-gradworks/program-eligibility (25 January 2016).

[16] A balanced scorecard is a planning and monitoring tool used by management to communicate its performance objectives, specific targets, and progress toward achieving performance objectives in a range of areas.

Figure 4—Highlights of Gradworks' 2015 Work Plan—Goals, Strategies, Performance Measures, Targets, and Results

Strategy	Performance Measure	2015 Target	2015 Result
Goals: Provide recent graduates with Saskatchewan career opportunities Increase retention of young people in Saskatchewan			
Increase employment opportunities for recent post secondary graduates in Saskatchewan	Number of interns placed at Crown corporations	75 interns	63 interns
Assist in placing interns in full-time employment with partner employers or other employers	Percentage of completed* interns offered full-time permanent or temporary positions with Crowns	65% of interns completing their internship gain permanent or temporary employment with Crowns	69% of interns gained temporary or permanent employment with the Crowns.
	Percentage of completed interns offered full-time permanent or temporary positions within Saskatchewan (including Crowns)	85% of interns completing their intership gain permanent or temporary employment within Saskatchewan	97% of interns gained temporary or permanent employment within Saskatchewan.
Goals: Develop potential future employees for the Crown sector of Saskatchewan Support Saskatchewan's Crown corporations in their role as Employers of Choice			
Increase access for Crown corporations to educated, young professionals	Number of total applicants per year	4,500 applicants	3,406 applicants
	Number of applicants for each position	85% of positions have 25 applications per position	87% of positions had 25 applicants per position
	Number of eligible applicants for positions (eligible applicant = approved by Gradworks)	90% of positions have eight eligible applications per position	100% of positions had eight eligible applicants per positon
	Number of quality applications for positions (quality applicant = interviewed applicant)	90% of positions have a minimum of three quality applications per position	92% of positions had a minimum of three quality applicants per position
Develop a network of peers for Gradworks interns through events and communication	Number of career development and learning events	Six orientation lunches during the year	Eight orientation lunches hosted by Gradworks
		Four workshops during the year	Five workshops hosted by Gradworks
		One networking event during the year	One networking event held by Gradworks
Provide career development and learning events to Gradworks interns to increase their ability to succeed in the workforce	Number of workshops	Four workshops during the year	Five workshops hosted by Gradworks
	Number of other events (i.e. networking)	Two events during the year	Two events hosted by Gradworks
	Number of interns that attended the event	85% of interns attend a minimum of one workshop per internship during the year	85% of interns attended a minimum of one workshop

Strategy	Performance Measure	2015 Target	2015 Result
Goal: Develop current employees through their participation as coaches/mentors to interns			
Provide mentorship opportunities through assigning coaches to interns	Number of performance reviews completed**	95%	99% of interns had performance reviews completed
	Qualitative survey – feedback from interns (positive or very positive exit survey)	85% rate experience with a coach as positive or very positive	91% of interns rated their coach as positive or very positive
Goal: Support the values of workplace diversity and employment equity			
Increase access for Crown corporations to educated, Aboriginal professionals	Number of Aboriginal applicants	13.1% of total applicants****	2.8% of applicants were Aboriginal
	Number of Aboriginal applicants per position	25% of positions have three Aboriginal applicants or more to each position	9.7% of positions had three or more Aboriginal applicants per postion
	Number of eligible Aboriginal applicants for positions (eligible applicant = approved by Gradworks)	45% of positions have a minimum of two eligible Aboriginal applicants per position	14.2% of positions had a minimum of two eligible Aboriginal applicants
Contribute to the achievement of a representative workforce that reflects the demographics of Saskatchewan	Number of self-declared target groups registered*** (Percentage of applicants who self-declare)	47% of registered graduates self-declare as a woman; 13.1% as a person of Aboriginal descent; 9.7% as a person with disabilities; 6.6% as a person of visible minority****	Applicants (% of total applicants): 37.1% - Women 2.8% - Aboriginal 1.4% - Disabled 60.3% - Visible Minority
	Number of self-declared target groups hired as interns within internships (hired) (Percentage of interns who self-declare)	47% of interns self-declare as a woman; 13.1% as a person of Aboriginal descent; 9.7% as a person with disabilities; 6.6% as a person of visible minority****	Hired (% of total interns hired): 46.9% - Women 3.8% - Aboriginal 0% - Disabled 32.4% - Visible Minority

Source: Gradworks Inc. *2015 Work Plan*.
* Completed interns are interns who completed their full annual internship.
** Intern performance reviews completed by coaches.
*** Registered means those who self-declared in their intership application as a woman, person of Aborignial descent, person with disabilities, and/or person of visible minority.
**** Targets reflect the targets set by the Saskatchewan Human Rights Commission.

We found that the identified strategies, performance measures, and targets provide Gradworks with information to help monitor its achievement of the Intern Program goals.

4.3 Operating Policies and Procedures Implemented but Improvements Needed

We expected Gradworks would implement policies and procedures to operate the Intern Program consistent with program goals (e.g., for screening of intern applications, evaluating intern performance, addressing conflicts of interest, monitoring and reporting on program operation). We expected Gradworks would confirm that partner employers have established policies and procedures to fulfill their role in operating the Intern

Program that align with the goals of the program (e.g., for identifying intern positions, hiring interns, addressing conflicts of interest). We expected Gradworks would assign qualified staff to oversee program operation.

4.3.1 Gradworks Policies and Procedures Implemented but Intern Educational Credentials Not Always Verified

Gradworks maintains job descriptions for staff operating the program (i.e., the President and Gradworks program consultants). These job descriptions set out key competencies and experience required. Gradworks also provides new staff with extensive on-the-job training regarding the Intern Program, and processes to complete their duties. As well, since CIC staff administer the Intern Program, they were subject to, and complied with CIC's Employee Conduct policy. This policy includes a requirement to remain free from any conflicts of interest.

Gradworks has implemented policies and procedures to guide staff on the program's day-to-day operations. Gradworks provides this guidance in various documents and formats. Some examples include:

- Step-by-step procedures for posting internship opportunities on its website, and reporting of results against its annual work plan
- Agreements with coaches and partner employers requiring intern evaluations and use of evaluation templates
- Policies outlining intern eligibility criteria used to screen intern applications

One of the intern eligibility criteria is that applicants must have graduated from a recognized college, technical institute, or university program within the last five years. During its screening procedures, Gradworks did not verify that applicants possess the Intern Program's educational eligibility requirements. It relied on applicants for internships indicating the completion of relevant post-secondary programs in their application and resume. It did not ask applicants to provide evidence of educational credentials such as post-secondary transcripts or copy of a diploma.

For internships we examined, two partner employers requested and received evidence that hired interns possessed the required educational credentials prior to finalizing the offer of employment. Two other partner employers indicated that they relied on Gradworks' initial screening procedures to verify applicant education eligibility requirements.

Without sufficient verification of Intern Program educational eligibility requirements, Gradworks and partner employers are at risk of filling internships with ineligible interns or wasting time evaluating ineligible candidates. This could adversely affect the reputation of Gradworks and partner employers.

2. We recommend that Gradworks Inc. verify the educational eligibility criteria of applicants for its Gradworks Intern Development Program prior to the internship start date.

4.3.2 Partner Employers' Processes Generally Align with Intern Program Goals

We found partner employers had policies and procedures that facilitated fair hiring practices (e.g., use of qualified staff free of conflict of interest to make hiring decisions, documented interviews, use of assessment tools, and reference checks). For internships we examined, partner employers completed and submitted intern performance evaluations to Gradworks as required. However, as previously noted, partner employers were not always aware of and did not consider Gradworks' workforce diversity goal and related targets when making hiring decisions (see **Section 4.1**).

Gradworks monitors compliance of partner employers with Gradworks Agreements through its various interactions with the partner employers (e.g., reviewing and approving internships partner employers propose, confirming partner employers complete intern performance evaluations as expected, periodic meetings with partner employers).

4.4 Program Evaluated but Reporting of Results Needed

We expected Gradworks would periodically evaluate the effectiveness of its Intern Program. It would document program evaluation criteria that cover all aspects of the program, are current, and set out factors on which it is collecting information (e.g., measures). Gradworks would analyze and conclude on program effectiveness, communicate these results to the Board, and implement changes to the program where required. Gradworks would communicate planned and actual program results to partner employers and the public.

4.4.1 Program Evaluated and Changes Implemented

Although Gradworks does not have a formal policy for program evaluation, it periodically evaluated whether the Intern Program was operating effectively using various mechanisms.

Every five years, the Board of CIC, Gradworks' owner, decides whether to continue operating and funding the Intern Program. In 2013, CIC approved an extension of the program to December 2019. It based its extension on CIC's analysis that considered the following: key issues with the program (e.g., interest in the program by number of applicants, partner employer support), the impact the program had on developing and retaining educated graduates in Saskatchewan, difficulty graduates express in finding work in their area of study, and program cost. CIC gave its Board alternatives that discussed the advantages and disadvantages of each.

Also, Gradworks obtained regular feedback from partner employers via annual meetings regarding the Intern Program. Management also analyzed information gathered annually for each of its performance measures, and determined whether the Intern Program achieved its stated goals and whether program changes were needed. For example, consultation with partner employers resulted in Gradworks, in 2015, increasing the frequency of recruiting interns each year (i.e., intakes) to allow for up to eight intakes per year from six. It prepared documented analysis supporting the change and had an action plan to implement the change.

We found that it was clear who was responsible for implementing the change (i.e., Gradworks program consultant). The President approved this change, and it was implemented as planned. During 2015, Gradworks facilitated six intakes, one of which was a new intake period compared to prior years.

4.4.2 Program Results Communicated to the Board

Gradworks' management has effective processes for collecting data, and computing the annual results for measures set out in its work plan.

Consistent with Gradworks' Board of Directors Annual Schedule, the Board receives the following information on the Intern Program:

- Each quarter, a report outlining activities undertaken during the year (quarterly management operations updates)
- Annually, a report that compares, in detail, the Intern Program's actual results to the approved annual work plan (annual results report) noting which targets were met.

During 2015, management and the Board reviewed and approved the 2014 annual results report and quarterly management operations updates. These reports included the information expected.

4.4.3 Reporting of Program Results Externally Needed

Although Gradworks publishes the goals of the Intern Program on its website, it does not communicate to the public or to partner employers information about actual program results compared to planned results to show its progress in achieving program goals.

CIC publicly reports information on Gradworks in its annual report rather than publishing a public annual report specifically for Gradworks, or using Gradworks' website to report on the results of the program. We reviewed CIC's annual report, which indicated that Gradworks reached or surpassed its 2014 targets. However, Gradworks did not reach all of its 2014 targets (e.g., percentage of interns that gained permanent or temporary employment in Crowns, and percentage of intern registrations that self-declared). Management indicated that CIC's annual report was referring to its intern placement target. Nevertheless, this reporting does not include information regarding Gradworks progress towards achieving the other goals and related targets for the Intern Program.

Providing information on program achievements to the public facilitates public scrutiny of government programs and enhances government accountability for results achieved by its programs.

3. We recommend that Gradworks Inc., at least annually, publish information on key actual results compared to planned (i.e., targets) for the Gradworks Intern Development Program.

Each year, Gradworks meets with partner employers to discuss the Intern Program. It also distributes newsletters to them that include some limited examples of Gradworks' activities undertaken to meet the goals of the Intern Program. The Board is comprised of a representative of one partner employer (i.e., SaskPower). As such, one partner employer receives, annually, detailed information about Gradworks' strategies, performance measures, targets, and actual results.

However, without periodic communication of this information to all partner employers, partner employers may not be aware of areas they may need to take action on to contribute towards the achievement of the Intern Program Goals.

4. We recommend that Gradworks Inc., at least annually, provide partner employers with information on key performance measures, targets, and actual results for the Gradworks Intern Development Program.

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Chapter 10
Justice—Leading the Building Partnerships to Reduce Crime Initiative

1.0 MAIN POINTS

Under *The Correctional Services Act, 2012*, the Ministry of Justice (Ministry) is responsible for establishing programs and strategies to prevent and reduce crime including the implementation and promotion of programs for public education respecting the criminal justice system. The Ministry's strategic plan indicates that promoting safe and secure communities is a key aspect of its mandate. The Building Partnerships to Reduce Crime initiative targets and attempts to mitigate the root causes of crime through coordinated efforts of local human service agencies. This initiative directly supports the Ministry's strategic intent.

This chapter reports, for the 12-month period ended January 31, 2016, that the Ministry of Justice did not have effective processes to lead the Building Partnerships to Reduce Crime initiative. It needs to:

- Confirm participating agencies' acceptance and understanding of the expectations of Community Mobilization Hubs to ensure those agencies are engaged and understand how the model works
- Provide direction and tools to support all members to facilitate collaboration at the Community Mobilization Hub
- Identify how to measure the success of the initiative and collaborate with the Centre of Responsibility and Community Mobilization Hubs to identify and address systemic issues

2.0 INTRODUCTION

Crime has a significant impact on Saskatchewan residents. Saskatchewan's per capita crime rate has consistently exceeded the national average (see **Figure 1**).

Figure 1—Criminal Code Violation Incident Rate Per 100,000 Population from 2010 to 2014

	2010	2011	2012	2013	2014
Saskatchewan	12,577	12,224	11,451	10,715	10,505
Canada	6,159	5,779	5,632	5,195	5,046

Source: Statistics Canada, CANSIM Table 252-0051, Incident rate per 100,000 population for all Criminal Code violations excluding traffic (19 November 2015).

One goal of the Government of Saskatchewan is to build safer communities[1] as Saskatchewan communities experience some of the highest crime rates in Canada. To help achieve this goal, the Government established, in 2010, the Building Partnerships to Reduce Crime (Building Partnerships) initiative. This initiative is a key component of the Government of Saskatchewan's Child and Family Agenda.[2] Building Partnerships is a community safety-focused partnership initiative involving various ministries and policing services.

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[1] Government of Saskatchewan, *Saskatchewan Plan for Growth: Vision 2020 and Beyond*, (2012), p. 58.

2.1 Purpose of Building Partnerships to Reduce Crime Initiative

In response to the high crime rates in Saskatchewan, the Government, along with various policing services, developed the Building Partnerships initiative to bring multiple agencies together to better respond to individuals and families that need collaborative interventions (e.g., connection to counselling, addiction services). This is done with the goal of targeting the root causes of crime (e.g., addictions, mental health). The Building Partnerships initiative's focus is to provide immediate responses, coordinated across participating agencies, to those individuals and families where there is identified acutely-elevated risk. For the Building Partnerships initiative, acutely-elevated risk is identified when more than one agency is needed to address the situation and the nature of the risk to an individual, family or community is severe. The key objective is to proactively mitigate risks to individuals, families, and the community.

Founding members of the Building Partnerships initiative signed a Charter in October of 2010. Founding members included the Minister of Corrections and Policing; Deputy Ministers of Corrections and Policing, Justice, Social Services, Advanced Education, Education, Health, Government Relations, and Parks, Culture and Sport; the President of the Saskatchewan Association of Chiefs of Police; the Assistant Commissioner of RCMP 'F' Division; and the chiefs of police of Estevan, File Hills First Nations, Moose Jaw, Prince Albert, Regina, Saskatoon, and Weyburn.[3]

They established the Building Partnerships initiative based on research,[4] and past experiences of similar initiatives.[5] Research results indicated that a key to addressing crime was to target the root causes which may lead to criminal behaviour (e.g., poverty, unemployment, physical and mental health issues, family instability).[6]

An Executive Steering Committee[7] for the Building Partnerships initiative was established in 2010. It was responsible for leading the development of the Building Partnerships initiative in Saskatchewan, and the development and execution of a long-term strategy to reduce crime and violence in Saskatchewan communities. It created the main components of the Building Partnerships initiative as set out in **Figure 3**. Since 2013, the Committee is no longer functioning.

In general, agencies who decide to participate in the Building Partnerships initiative agree to:

- Work together combining efforts, expertise, information, and resources to address the full spectrum of crime reduction[8]

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[2] Government of Saskatchewan, *Backgrounder, Child and Family Agenda Progress to Date*, (2014), p. 6.

[3] http://saskbprc.com/index.php/charter-members (13 November 2015). This chapter uses ministry names in effect at February 2016.

[4] The Government of Saskatchewan and provincial police leaders carried out research in this area.

[5] Similar initiatives included the Community Mobilization Prince Albert initiative, and a similar multi-agency model in Scotland.

[6] http://saskbprc.com/index.php/2014-08-25-18-12-14/2014-08-25-20-45-07 (19 November 2015).

[7] The Executive Steering Committee was comprised of senior officials from various agencies (e.g., ministries of Justice, Corrections and Policing, Social Services, Health, Education) with the Deputy Minister of Corrections and Policing as the chair.

[8] Government of Saskatchewan, *Building Partnerships to Reduce Crime*, (2011), p. 4.

- Connect individuals and families with necessary services (e.g., such as substance abuse treatment, education and employment to change behaviour)[9]

As reflected in **Figure 3**, the main components of the Building Partnerships initiative are:

- Ministry of Justice – The Ministry of Justice is the project leader and responsible for the initiative.

- Centre of Responsibility (COR) – A COR analyzes systemic issues impacting Saskatchewan, and collaborates on longer-term solutions to those issues. Also, a COR coordinates support among the agencies participating in the community mobilization hubs. It submits research papers on systemic issues and makes recommendations to the Ministry. A COR is comprised of human service professionals (e.g., policing services, health regions, school divisions, Ministry representatives from Social Services). As of February 2016, the Prince Albert COR is the only active COR in Saskatchewan.

- Community Mobilization Hubs (CMHs) – CMHs are to play a key role in facilitating earlier interventions to individuals and families with acutely-elevated risks. The underlying premise is that earlier interventions of situations may help reduce crime within their community. As of February 2016, 12 CMHs were active in Saskatchewan, each comprised of agencies specific to the needs of their community who agree to participate (participating agencies). **Figure 2** lists CMHs active as of February 2016.

Figure 2—Community Mobilization Hubs in Saskatchewan

La Ronge	Moose Jaw	Saskatoon
Lloydminster	Nipawin	Swift Current
Meadow Lake	North Battleford	Weyburn and Estevan
Melfort	Prince Albert	Yorkton

Source: Information provided by the Ministry of Justice.

- Steering Committees – Each CMH has a steering committee. The committee is responsible for guiding its local CMH, discussing systemic issues within the CMH, and responding to identified issues. A steering committee is comprised of senior officials of the participating agencies within the CMH. Each steering committee meets monthly. Steering committees are to liaise with the Ministry about CMH operations.

- Hubs – Each CMH requires a Hub. A Hub is responsible for addressing community safety and wellness issues seen to be at an elevated level of risk across multiple agencies, and helping find ways to immediately assist individuals and families in at-risk situations. Hubs are comprised of multi-disciplinary groups of front-line workers from various participating agencies responsible for justice and human services (e.g., policing services, local school divisions, local health region, relevant ministry staff) operating within a specific community (e.g., Melfort and surrounding area).[10] Front-line workers within a CMH provide an immediate connection of individuals and families with the needed services.

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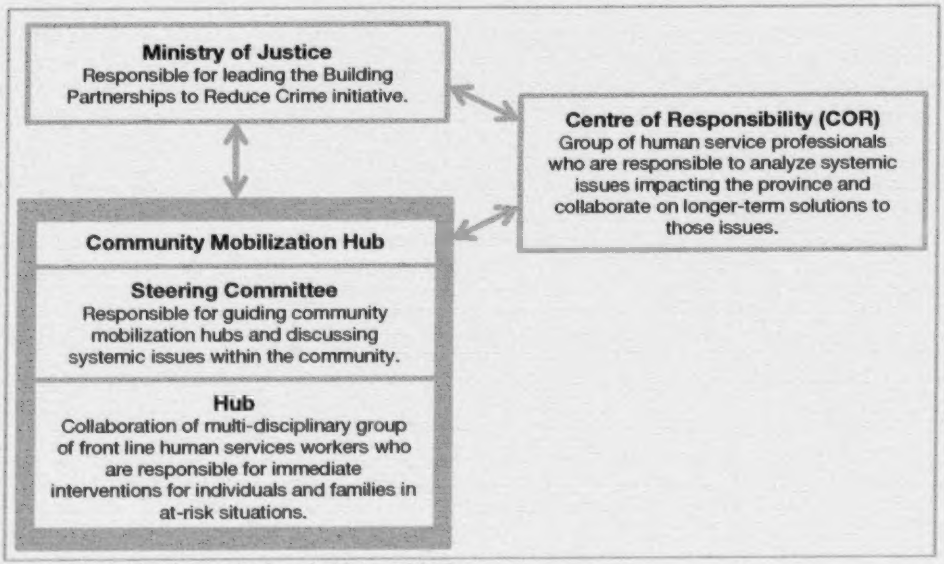
[9] Ibid.

[10] http://www.finance.gov.sk.ca/budget2014-15/SSbackgrounder-SCYAprogressMarch2014.pdf (9 September 2015).

Figure 3—Building Partnerships Initiative



Ministry of Justice
Responsible for leading the Building Partnerships to Reduce Crime initiative.

Centre of Responsibility (COR)
Group of human service professionals who are responsible to analyze systemic issues impacting the province and collaborate on longer-term solutions to those issues.

Community Mobilization Hub

Steering Committee
Responsible for guiding community mobilization hubs and discussing systemic issues within the community.

Hub
Collaboration of multi-disciplinary group of front line human services workers who are responsible for immediate interventions for individuals and families in at-risk situations.

Source: Adapted from information from the Ministry of Justice.

2.2 The Ministry's Responsibilities for the Initiative

While participating agencies are responsible for their individual services, the Ministry, through the Corrections and Policing Division, leads the Building Partnerships initiative. This is consistent with its responsibilities set out in its legislation:

- *The Justice and Attorney General Act* gives the Minister of Justice "superintendence of all matters connected with the administration of justice in Saskatchewan" (section 9(1)(c))
- *The Correctional Services Act, 2012* gives the Minister of Justice and Minister Responsible for Corrections and Policing the responsibility for:
    - Establishing programs and strategies to prevent and reduce crime (section 4(2)(e))
    - Establishing, implementing and promoting programs for public education respecting the criminal justice system (section 4(2)(f))

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of the Ministry of Justice's processes, for the 12-month period ended January 31, 2016, to lead the Building Partnerships initiative in Saskatchewan.

We examined the Ministry of Justice's policies, plans and procedures that relate to the Building Partnerships initiative in Saskatchewan. We assessed the Ministry's processes to lead the Building Partnerships initiative, and we interviewed relevant staff from the Ministry and of participating agencies.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry of Justice's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. The Ministry of Justice's management agreed with the criteria (see **Figure 4**).

Figure 4—Audit Criteria

1. **Engage participating agencies in the Building Partnership initiative**
    - 1.1 Identify agencies to participate
    - 1.2 Confirm understanding and acceptance of responsibilities with participating agencies
    - 1.3 Decide how to measure achievement of outcomes
2. **Support use of the Building Partnerships model**
    - 2.1 Provide direction and tools (e.g., procedures, training)
    - 2.2 Align activities with model (e.g., through supervision and feedback)
    - 2.3 Actively manage issues
3. **Monitor results of the Building Partnerships initiative**
    - 3.1 Collect information on key measures
    - 3.2 Analyze whether desired outcomes are being achieved
    - 3.3 Adjust processes as necessary
    - 3.4 Communicate results

We concluded that, for the 12-month period ended January 31, 2016, the Ministry of Justice did not have effective processes to lead the Building Partnerships initiative in Saskatchewan. The Ministry of Justice needs to provide leadership by:

- **Confirming participating agencies' acceptance and understanding of the expectations of the Community Mobilization Hub**
- **Providing direction and tools to support all members**
- **Identifying how to measure the success of the initiative**
- **Collaborating with the Centre of Responsibility and Community Mobilization Hubs to develop a process to analyze and report on the success of the initiative**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations) and our key findings along with related recommendations.

4.1 Engaging Participating Agencies

We expected the Ministry would identify agencies to participate in the Building Partnerships initiative. We also expected the Ministry would lead implementation of the initiative in communities by documenting and confirming understanding and acceptance of responsibilities of participating agencies of community mobilization hubs. Additionally, we expected the Ministry would decide how to measure the success of the initiative.

4.1.1 Expectations Not Clearly Understood

As noted in **Section 2.1**, the Ministry played an active role in the development of the Building Partnerships initiative. The Ministry also played a role in the creation of Centres of Responsibility (CORs); it did this, in part, through providing funding. For example, in 2015-16, the Ministry provided CORs with about $848,000 (2014-15: actual $676,000).[11]

The Prince Albert COR started in May of 2012 as a local entity designed to identify systemic issues impacting the City of Prince Albert. For example, when it noted that alcohol abuse was represented in a substantial number of local discussions, an Alcohol Strategy was developed. In late 2014, the Ministry announced the launch of a second COR – one located in Saskatoon. The Ministry also advised the Prince Albert COR, that it was moving to a regional model of CORs. The Saskatoon COR was halted as part of an internal Ministry program review to determine the future of a provincial COR model. At January 2016 (the time of our audit), the Ministry had not finished this review.

The Ministry has not played an active role in communities establishing a CMH; rather all 12 communities established them based on local interest (community mobilization efforts). Those communities decided themselves which agencies and service providers were best suited to participate in their CMH.

The Ministry gave each community interested in establishing a CMH a template Memorandum of Understanding (MOU), and a template Steering Committee Terms of Reference (TOR). Through these templates, the Ministry provided communities with suggested agencies that would be valuable to participate in a CMH (e.g., local school divisions and police services, officials from ministries of Social Services, Health). In addition, through the MOU and TOR, the Ministry communicated its general expectations of a CMH, and set out the general roles and responsibilities expected of each participating agency. Through the MOU, participating agencies agreed to:

- Take direction from the Steering Committee
- Use the Ministry's Hub model
- Have their CMH Steering Committee meet at least monthly
- Authorize members of their agency to participate in the Hub and Hub meetings designed to identify community social problems and implement strategies to address them
- Have the Hub meet at least weekly
- Connect referred individuals or families with services within 24-48 hours of the initial discussion of a Hub (i.e., expected response time)
- Comply with privacy practices (e.g., intent and purpose of sharing private information and privacy legislation of agencies)
- Undertake an annual review of the signed MOU

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[11] Information provided by the Ministry of Justice.

- Have the MOU signed by the highest level of authority representing each participating agency in the CMH

As part of its Hub model, the Ministry expected all Hubs to use a Four-Filter Procedure. The Four-Filter Procedure (see **Figure 5**) determines if a situation requires a collaborative intervention (connection of individuals and families to various services) based on the risk factors that are present. The procedure begins when a participating agency refers an individual or family to a Hub. The participating agencies of a Hub discuss the situation (using only de-identifiable data)[12] in Filter 2, and continue through the filters if it reaches a consensus that the situation merits further discussion. When they have identified all of the risk factors in the situation, participating agencies that can assist are to come forward and collaborate on how to connect the individual or family to the necessary services.

Figure 5—The Four-Filter Procedure

Filter 1 – Each participating agency determines if an at-risk situation can be adequately resolved within the normal course of business within its own sector.

Filter 2 – The participating agency refers the at-risk situation if it feels it cannot adequately resolve to a Hub. The originating agency describes the nature of the situation using only de-identified language. Only when the Hub achieves a consensus of experts that the situation sufficiently merits discussion at its meeting, the Hub chair invites the originator to escalate to Filter 3.

Filter 3 – Only a limited amount of identifying information is shared with the Hub; information essential for determining the potential role each agency might play in mitigating the elevated risk situation. The Hub identifies a lead agency at this point in the process.

Filter 4 – Where the real collaboration occurs, this occurs privately among only those agencies with a direct role in an intervention. These discussions drive the face-to-face contact with the referred individual or families.

Source: McFee & Taylor, *Change and Innovation in Canadian Policing*, pp. 11 and 12.

The Ministry expected that having participating agencies sign an MOU for a CMH would demonstrate they understood, and accepted their responsibilities as they related to their CMH. Ministry officials noted that it expected each participating agency of a CMH would also determine what was specifically expected, from the participating agencies' perspective, of members of the CMH.

We found that only one CMH had developed a policy on its mandate, and roles to inform its Hub. However, in our review of the content of this policy, we found the timeframe to conclude a Hub discussion conflicted with the expected response time set out in the signed MOU.

In discussions with various members of the Prince Albert COR, and CMHs in the province, they expressed the desire for a clearer definition of their roles within the CMH, and additional support from the Ministry. Members noted that while they were familiar with the expectations of their agencies, they did not always understand their role at Hub meetings and were unsure of the overall goals of the Building Partnerships initiative.

Also, while the Ministry expected each CMH to have a signed MOU consistent with its template; we found it did not check to make sure they did. For six CMHs we selected, three did not have signed MOUs, and for another, its MOU was only signed by some of the participating agencies.

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[12] De-identifiable data consists of information used to describe a Hub situation or individual without providing enough facts to identify that individual.

Not confirming participating agencies of CMHs have signed MOUs in place increases the risk that participating agencies may not have accepted or understood the purpose of a CMH, how the Hub model works, and the expected nature and extent of their involvement with the CMH. Not confirming participating agencies acceptance and understanding of expectations increases the risk of not timely connecting acutely-elevated risk individuals or families to necessary services, and not addressing the root causes of crime. Participating agencies may also be less engaged in their CMH.

1. **We recommend that the Ministry of Justice confirm agencies, who decide to participate in a Community Mobilization Hub, accept and understand their roles within the Building Partnerships initiative.**

4.1.2 Database Used to Track Information Consistently

The Ministry developed a Building Partnerships database (database), and made it available to the Prince Albert COR and each CMH. Also, through the Building Partnerships eLearning training materials, the Ministry made its *Information Sharing Guidelines* (guidelines) available to them. The guidelines are a set of procedures that outline how to enter data into the database, and share information at Hub meetings.

We found that the database was designed to record and track the information shared at the Hub meetings. Because each Hub uses the same database to enter information, the data collected on CMH activities is comparable between all the CMHs. Also, the database allows for the ability to look at data from varying perspectives (e.g., by CMH, provincially).

The Ministry and the Prince Albert COR have access to data from all CMHs within the database; each CMH's access is limited to only information related to their communities. Each Hub is responsible for the entry of information related to its CMH. We found each Hub had a dedicated data entry person.

We found the database tracked:

- Information that is de-identified
- Data on Hub discussions of situations for individuals and families (number discussed, accepted to move forward, no further action required) (see **Figure 6**)
- 105 risk factors ranging from alcohol and drug risk factors to criminal involvement, cognitive ability and violence. Risk factors are a key indicator of the level of acutely-elevated risk that is inherent in each Hub discussion. A Hub's evaluation of risk factors, and how they compound upon each other plays an important role in whether the Hub decides to move on to Filter 3 (see **Figure 5**). At Filter 3, only a few pieces of identifying information are shared at the meeting, but not recorded in the database
- Total number of risk factors identified in Hub discussions

- Information relating to the Hub interventions (e.g., addictions counselling, social assistance)
- Names of the leading and assisting agencies in the interventions
- Location of individual or families referred
- In a de-identified way, individuals referred to the Hub multiple times

Figure 6—2015 Calendar Year Hub Discussion Data for Situations in Saskatchewan

Hub	Number of Situation Discussions	Percentage of Discussions Accepted for Further Action
La Ronge	20	95%
Lloydminster[A]	44	82%
Meadow Lake	25	80%
Melfort	12	92%
Moose Jaw	56	93%
Nipawin	7	100%
North Battleford	56	98%
Prince Albert	359	79%
Saskatoon	143	95%
Swift Current	24	88%
Weyburn and Estevan (SouthEast Regional Hub)	31	58%
Yorkton	131	95%
Total Hub discussions in Saskatchewan	**908**	**86%**

Source: Ministry of Justice, CRM Database for Hub Discussions for January 1 – December 31, 2015.
[A] Includes the involvement of the Government of Alberta; statistics are for Saskatchewan individuals only.

As reflected in **Figure 6** above, the 12 Hubs had a total of 908 discussions about situations during 2015. Hubs moved 86% of situations forward for further action and connection to services.[13]

4.1.3 Additional Initiative Success Measures Needed

As noted in **Section 2.1**, the focus of the Building Partnerships Initiative is to provide immediate coordinated responses to individuals and families with acutely-elevated risks; and its key objective is to proactively mitigate risks to individuals, families, and the community. The Ministry has identified two key measures to determine the overall success of the initiative (i.e., number of individuals and families connected with services, success of participating agencies in connecting individuals or families with services).

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[13] The Hub may decide it is not in a position to take further action (reject). This decision is usually based on external services already being in place, personal supports being available, or lead services not yet being available for that individual and the related risk factors. The Hub considers its work complete when an individual is either connected to, is informed of, or refuses services.

Many CMH members indicated that the addition of a mechanism to identify individuals who are repeatedly referred to the Hub would serve as a barometer to assess the medium- to long-term impact on the services provided to those individuals. This would further support that the initiative is addressing some of the root causes of crime.

Although the Building Partnership database tracks information useful for the Prince Albert COR and individual CMHs, it does not track identifiable data that helps the Ministry determine the overall success of the initiative.

For example, we found that privacy legislation makes certain information that would help the Ministry make this determination (such as the number of particular individuals or families repeatedly referred to a Hub) not accessible. As previously noted, the Building Partnership database, only captures de-identified information. Only a Hub can access identifiable information; and it can only do so when the agency, who took part in the Hub intervention, is participating in that Hub.

Also, the database tracks the number and nature of the connections to services. This information is available on a provincial basis. The database does not contain information on whether the faster connections to services made a difference. The Ministry does not routinely collect alternate data to help make this determination (e.g., information on repeat clients).

Measuring overall success would support the Ministry's goal of increasing community safety, and addressing the root causes of crime. Without determining how to measure the success of the Building Partnerships initiative, the Ministry cannot make adjustments to the Hub model, understand if the initiative is making a difference on addressing the root causes of crime, and report on the success (or failure) of the initiative. Also, without this information, the Ministry cannot determine the value of agencies participating in the Building Partnerships initiative.

2. **We recommend that the Ministry of Justice identify how to measure the success of the Building Partnerships initiative.**

4.2 Supporting Use of Building Partnerships

We expected that the Ministry would actively support participating agencies involved in CMHs and Prince Albert COR members through procedures and training. It would provide tools to encourage information and knowledge sharing. We also expected that the Ministry would actively communicate with the CMHs and the Prince Albert COR to promote engagement with agencies.

We expected the Ministry would assess CMH activities against the Hub model and its expectations for the initiative, and identify issues, if any. We also expected that the Ministry would identify, analyze and adjust the Hub model and procedures based on the issues identified.

4.2.1 More Ministry Support Needed

The Ministry provides CMHs with MOU templates, the Four-Filter procedure, *Information Sharing Guidelines*, and, as noted below, training. CMH members we spoke to indicated they need more support from the Ministry.

The Ministry, in conjunction with the Prince Albert COR, developed eLearning training modules for the use of all CMH members. The training, which was launched in June of 2015, discusses many aspects of the Hub operations including the history of the Building Partnerships initiative, videos depicting a Hub discussion, the basics of how a Hub discussion works, as well as practices when performing door knocks.[14] At the end of each section of the training, the completion of a quiz is required to move to the next section of the eLearning.

The Ministry does not require members of the CMHs to complete the eLearning training modules, but suggests they do. Course administrators, who are volunteers with Building Partnerships' experience, lead groups enrolled through the eLearning. Course administrators are to answer questions posed by members in the various discussion boards[15] built into the eLearning module. We found only some participating agencies used the eLearning. The Ministry does not monitor eLearning usage and completion.

In our discussions with CMHs, and an observation of the Hub process in one location, we found the activities of the Hubs followed the meeting requirements as outlined in the eLearning modules.

CMH members we spoke to found the eLearning a valuable information resource for new members. However, they did not find it as useful for existing members in that it did not provide sufficient information to help Hubs overcome complex situations they face (e.g., connecting an individual and family members with multiple services).

CMH members also noted that the Ministry did not make the *Information Sharing Guidelines* and Four-Filter procedures easily available. Members found this information was difficult to access because it was provided through the eLearning training modules. They noted the eLearning training modules contained a higher volume of information. They suggested packaging information for easier access would be better.

Also, in October 2014, the Ministry hosted a symposium that brought together members of the various CMHs. The symposium provided members with an opportunity to share their insights on the Hub process including successes and challenges. Many of the CMH members we spoke to felt that this symposium was helpful in discussing with other Hub members the complexity of the situations. At February 2016, based on our discussions, the Ministry was beginning planning for another symposium.

The Ministry relies on the CMHs and Prince Albert COR to advise it of issues impacting operations, and challenges in the use of the Hub model and the structure of the initiative (see **Figure 3**). However, the Ministry communication with the CMH and Prince Albert COR members was minimal. In most cases, CMHs or the Prince Albert COR initiated communication with the Ministry. While the Ministry indicated it periodically met with various CMH Steering Committees, it did not keep evidence of these meetings. CMH members we spoke with felt additional communication or in-person meetings with the Ministry, along with regular symposiums, would help them be connected with the Ministry and equipped to help make a difference.

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[14] Door knocks are the connection to services for individuals discussed at the Hub where multiple agencies' representatives attend a home visit.

[15] The discussion boards built into the eLearning allows participants to interact with the course administrators assigned to their group.

We found that the Prince Albert COR had an activities description (e.g., identification of systemic issues, data collection and analysis) and job profiles for its members. The COR members develop research papers (i.e., action, discussion) based on key systemic issues (e.g., increased volume of certain risk factors) that it has identified using information in the database. To date, its research has had more of a local focus as the COR resides in Prince Albert. Completed research papers are posted to the Community Mobilization Prince Albert website, and submitted to the Ministry for review and feedback.[16] COR officials noted that, other than the Ministry confirming receipt, it has not received direct feedback on the content of the research papers. The Prince Albert COR indicated that privacy is an issue in completing comprehensive, robust reports.

For the Building Partnerships initiative to make a difference in reducing crime in Saskatchewan, the Ministry needs the support of multiple agencies within communities that are willing to work together. Having members of COR and agencies participating in CMHs feel they do not receive sufficient direction and tools may result in reduced community engagement, and overall support of the Building Partnership initiative.

3. **We recommend that the Ministry of Justice provide additional direction and tools to support members of the Centre of Responsibility and Community Mobilization Hubs.**

4.3 Better Monitoring of Results Needed

We expected the Ministry would collect information to analyze success of the initiative, and adjust the initiative's processes as necessary. We also expected the Ministry to communicate success of the initiative to participating agencies.

At January 2016 (the time of the audit), the Ministry was reviewing and updating the Building Partnerships initiative. Multiple agencies have reviewed the Building Partnerships initiative; these include:

- *Saskatchewan Information and Privacy Commissioner Investigative Report – Community Mobilization Prince Albert* – This report contained two privacy recommendations; the report was publicly released in November 2014
- *COR Program Review* – The ministries of Justice and Finance conducted this review. The report contains six recommendations specific to the Prince Albert COR, and was released by the Ministry of Justice in September 2015
- *Privacy Impact Assessment Community Mobilization Prince Albert* – The Information Sharing Issues Working Group, an interagency privacy team, did this assessment of

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[16] Information retrieved from www.mobilizepa.ca/ (29 February 2016).

the Prince Albert COR. This report contains 46 privacy recommendations; the report was released to the Ministry in February 2016[17]

- Overview Report – The Ministry engaged an external consultant to do this review in the fall of 2015. It looked at the entire Building Partnerships initiative to refine the structure and operations; the report was not yet released at February 2016

Members of CMHs indicated some participating agencies prepare reports specific to their agency's involvement at the Hub. These agencies reports utilize their own data (e.g., school division, police service) to determine the impacts that the Hub is having on individuals or families. However, because of constraints around privacy, the Ministry cannot collect this information.

As noted in **Section 4.1.3**, additional measures are needed to determine the success of the initiative. Once these are identified, the Ministry, the Prince Albert COR, and CMHs will need to collaborate to develop a process to analyze results. This analysis will inform the Ministry about the Building Partnerships initiative's successes and challenges.

Collaborating to develop a process to analyze results will assist in consistent analysis and reporting of Building Partnerships initiative results. This will allow the Ministry, the COR and CMHs to utilize the information to inform decision making, address systemic issues, and report on the success of the initiative.

4. **We recommend that the Ministry of Justice, in collaboration with the Centre of Responsibility and Community Mobilization Hubs, analyze and report on the success of the Building Partnerships initiative.**

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[17] Note participating agencies are bound by different provincial access and privacy laws – Ministry of Social Services – *The Freedom of Information and Protection of Privacy Act* (FOIP) and *The Health Information Protection Act* (HIPA), School Divisions – *The Local Authority Freedom of Information and Protection Privacy Act* (LA FOIP), Ministry of Health – LA FOIP and HIPA, Justice – FOIP and HIPA, Cities – LA FOIP.

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Chapter 11
North East School Division No. 200—Increasing Grade 3 Students Reading at Grade Level

1.0 MAIN POINTS

Grade 3 reading levels are considered a leading indicator of future student performance. Grade 3 students who do not make the transition to comprehending what they read fall behind, impacting their overall academic success.

In 2014, Saskatchewan's education sector jointly set a goal to increase the percentage of Grade 3 students reading at grade level from 70% at June 2014 to 80% by 2020. At June 2015, 73% of Grade 3 students in the provincial education system could read at grade level.

North East School Division No. 200 (North East or Division) is responsible for educating about 5,000 students in the area surrounding Nipawin, Tisdale, Hudson Bay, and Melfort. This includes about 1,400 students in Kindergarten to Grade 3. At June 2015, 66% of its Grade 3 students were reading at or above grade level.

In 2015, North East had, other than for the following, effective processes to increase the percentage of Grade 3 students reading at grade level to meet the Education Sector Strategic Plan goal of 80% by 2020. North East School Division No. 200 needs to:

- Document all of its key risks related to increasing the percentage of Grade 3 students reading at grade level, and strategies for managing the risks. This documentation would support understanding and proactive management of the risks within each school and across the Division.

- Work with other school divisions to develop additional guidance on exempting students from provincial reading level assessments. This guidance would foster consistent decisions on exempting students from reading assessments across school divisions.

- Periodically evaluate the effectiveness of tools it uses to assess student reading levels. These evaluations would determine whether assessment tools provide teachers with the necessary information to help them increase individual student reading levels.

- Advise the public of reasons for differences between planned and actual results for Grade 3 reading levels, and changes the Division plans to make in response to those differences. This information can help staff, parents, and communities identify ways to support North East's efforts to improve students' reading.

We encourage other school divisions to use the information in this chapter to assess their own processes for increasing the percentage of Grade 3 students reading at grade level.

2.0 INTRODUCTION

This chapter describes our audit of North East's processes to increase the percentage of Grade 3 students reading at grade level.

2.1 Provincial Grade 3 Reading Goals

In 2014, the Ministry of Education (Ministry) and the 28 Saskatchewan school divisions formed the Provincial Leadership Team[1] to lead and coordinate the development and implementation of the *Education Sector Strategic Plan* (sector plan). One of the goals of the sector plan is to increase the percentage of Grade 3 students reading at grade level to 80% by 2020. The education sector also set an interim goal of 78% of Grade 3 students to be reading at grade level by June 2015.

As shown in **Figure 1**, at June 2014, 70% of Grade 3 students in Saskatchewan read at or above grade level. By June 2015, Ministry data showed this had increased to 73%.

Figure 1—Provincial Percentage of Grade 3 Students Reading at Grade Level[A]

	% of Grade 3 students reading at grade level
Provincial actual at June 2014	70%[B]
Provincial actual at June 2015	73%[C]
Education Sector Strategic Plan Interim Goal for June 2015	78%[D]
Education Sector Strategic Plan Goal for 2020	80%[E]

[A] Provincial results do not include students who attend a school administrated by a First Nation or by a Hutterite colony.
[B] Ministry of Education, *Annual Report 2014-15*, p. 5.
[C] North East School Division No. 200, *Annual Report 2014-15*, p. 13.
[D] Ibid., p. 12.
[E] Ministry of Education, *Plan for 2015-16*, p. 6.

The sector plan requires the Ministry and each school division to develop an action plan for increasing the percentage of Grade 3 students reading at or above grade level to achieve the sector plan goal.

Additionally, in 2014, a team of educators and administration officials from across the province formed the Provincial Reading Team. This Team has developed *Saskatchewan Reads*, a companion to the English Language Arts curriculum, to assist teachers in improving student reading levels in the province.

2.2 The Importance of Literacy and Grade 3 Reading Levels

Grade 3 reading levels are considered a leading indicator of future student performance.[2] Grade 3 is a critical transition point in a student's reading ability. It is the year when students move from learning-to-read to reading-to-learn.[3] Students who do not transition from learning-to-read to comprehending what they read fall behind. Students that cannot read at their grade level will likely continue to fall behind as they continue on to higher grades; not reading at grade level impacts their overall literacy and academic success.

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[1] The Provincial Leadership Team is comprised of the Deputy Minister of Education, three Assistant Deputy Ministers of Education, a Director of Education of each school division, representatives of First Nations education authorities, and a Métis representative.
[2] Government of Saskatchewan, *Saskatchewan Plan for Growth, Vision 2020 and Beyond*, p. 61.
[3] Annie Murphy Paul, *Why Third Grade Is So Important: The 'Matthew Effect'*, (2012).

Literacy (i.e., the ability to read) improves the lives of individuals and a society's economic prosperity. Individuals and societies with high levels of literacy enjoy greater economic, health, and social benefits.[4] A low literacy rate in any nation or jurisdiction is tied to higher rates of unemployment, low income, and poor health.[5]

2.3 About North East School Division

North East is one of Saskatchewan's 28 school divisions. It is a public school division responsible for educating about 5,000 students in an 11,000 square kilometre area surrounding Nipawin, Tisdale, Hudson Bay, and Melfort.[6] In 2014-15, it had revenues of $72 million, and expenses of $60 million.[7]

North East's mission is to ensure every student has the opportunity to succeed.[8] The instruction North East provides to Kindergarten to Grade 3 students includes teaching students to read. It reports that at June 2015 66% of Grade 3 students were reading at or above grade level.[9] In 2014-15, it had about 1,400 Kindergarten to Grade 3 students[10] within 16 of its 21 schools, taught by about 90 teachers.

If North East does not have effective processes to increase its Grade 3 students' reading levels, students may be at greater risk of not achieving their overall academic, social, and economic potential.

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess, for the 12-month period ended December 31, 2015, the effectiveness of North East School Division No. 200's processes to increase the percentage of Grade 3 students reading at grade level to meet the Education Sector Strategic Plan goal of 80% by 2020.

We interviewed staff at the Division Office (e.g., Director of Education, superintendents) and examined North East's strategic and action plans that relate to increasing the percentage of Grade 3 students reading at grade level. We also examined guidance for assessing students' reading levels, reports on reading levels, and evidence of resources and training provided. We visited five schools in the Division to interview staff (e.g., principals, teachers) and examine school resources (e.g., supporting reading initiatives, training, books).

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[4] Organization for Economic Co-operation and Development and Statistics Canada, *Literacy in the Information Age – Final Report of the International Adult Literacy Survey*, (2000).

[5] Auditor General of British Columbia, *Literacy: Creating the Conditions for Reading and Writing Success*, (2008), p. 3; Organization for Economic Co-operation and Development and Statistics Canada, *Literacy in the Information Age – Final Report of the International Adult Literacy Survey*, (2000).

[6] North East School Division No. 200, *Annual Report 2014-15*, pp. 3 and 30.

[7] North East School Division No. 200, *Audited Financial Statements 2014-15*. Revenues include $10.7 million in capital grants; related capital assets will be amortized into expenses over the lives of the assets.

[8] North East School Division No. 200, *Strategic Plan of the Board 2013-2017*.

[9] North East School Division No. 200, *Annual Report 2014-15*, p. 13.

[10] Ibid., p. 30.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate North East's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. North East's management agreed with the criteria (see **Figure 2**).

Figure 2—Audit Criteria

1. **Identify actions to increase the percentage of Grade 3 students reading at grade level**
   - 1.1 Set expectations (e.g., action plans, incremental targets, alignment with sector plan)
   - 1.2 Establish relationships with key stakeholders (e.g., parents, communities, First Nations)
   - 1.3 Communicate expectations (to teachers, students, parents, communities, First Nations)
2. **Support implementation of actions**
   - 2.1 Allocate resources (e.g., staff, funding, tools, supports)
   - 2.2 Provide training to support actions (by teachers, support staff)
   - 2.3 Manage risks to timely completion of actions
3. **Monitor effectiveness of actions**
   - 3.1 Measure progress
   - 3.2 Adjust actions as required
   - 3.3 Report on progress

We concluded that for the 12-month period ended December 31, 2015, North East School Division No. 200 had, except in the following areas, effective processes to increase the percentage of Grade 3 students reading at grade level to meet the Education Sector Strategic Plan goal of 80% by 2020. North East School Division No. 200 needs to:

- **Document all of its key risks related to increasing the percentage of Grade 3 students reading at grade level, and strategies for managing the risks**
- **Work with other school divisions to develop additional guidance on exempting students from provincial reading level assessments**
- **Periodically evaluate the effectiveness of tools it uses to assess student reading levels**
- **Publicly explain reasons for differences between planned and actual results for Grade 3 reading levels, and resulting changes to action plans**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations) and our key findings along with related recommendations. For clarity, when we refer to Division staff, we mean superintendents, learning coordinators, and learning consultants. When we refer to school administrators, we mean principals and vice-principals. When we refer to school staff, we mean teachers, counsellors, speech pathologists, educational psychologists, occupational therapists, and support staff.

4.1 Actions Identified to Increase Grade 3 Reading Levels

We expected that North East would set expectations (e.g., action plans, incremental targets) that align with the education sector plan. To support achievement of expectations, North East would establish relationships with key stakeholders and communicate its reading expectations.

Expectations Set

North East's Division-level action plan identified expectations to increase Grade 3 reading levels. These expectations aligned with the education sector plan's reading goals and key actions. The Division-level plan identified several reading assessment tools to support teachers in planning interventions to help students with reading, and the Division in measuring student reading levels. See **Figure 3** for a list of reading assessment tools and a brief description of each. North East set its Grade 3 reading goals (i.e., targets) based on the reading assessment tools set out in the Division-level plan.

Figure 3—North East Reading Assessment Tools

Tool	Use Directed by	Frequency of Student Assessment for Grades 1 to 3
Diagnostic Levelled Reading (DLR or provincial measurement tool) measures reading fluency and comprehension (within the text [e.g., retell events, main idea, details, character, setting, problem] and beyond the text [e.g., inferencing, connections, opinions]). These assessments are ongoing throughout the year for teacher and student purposes. Teachers formally administer the assessments in each school division for provincial measurement purposes three times a year (e.g., January, March, and June for Grade 1 students; November, March, and June for Grades 2 and 3 students). Results are not used to determine a student's English Language Arts mark.	Provincial Leadership Team	Three times per year
Reading Assessment District (RAD or North East measurement tool) assesses students up to Grade 9 (including Grades 1 to 3) on their comprehension strategies (e.g., prediction, main ideas and details, inferencing, and opinions). In addition, it measures students' understanding of cognitive strategies to comprehend (e.g., reread, sound out, look at context cues, make connection to other words or contexts) using a formal test developed by a publishing company. Results may be used in determining a student's English Language Arts mark.	North East	Two times per year
Students Achieve determines student marks for report cards based on the curriculum. Part of a student's English Language Arts mark includes data related to reading, such as comprehending text and responding to it.	North East	Four times per year
Levelled Literacy Intervention (LLI or small group literacy interventions) is instruction for a specific amount of time (e.g., six weeks) in a small group for students who have difficulty reading	North East	As required

Source: Provincial Auditor Saskatchewan, 2016, based on Ministry of Education and North East School Division materials.

North East's Board of Education (Board) approved the 2015-16 Division-level action plan on May 19, 2015. The action plan included:

- An interim reading goal of 75% of Grade 3 students reading at or above grade level by June 2016.[11] Division management advised that North East's interim goal was 3% lower than the sector plan goal because North East's interim results of 66% at June 2015 were lower than the interim sector results of 73% at the same date. We note that the November 2015 mid-year result for the Division was 76%.

- Actions such as further assessments of student reading ability, organization of resources to support initiatives (e.g., assigning support staff to free up teacher time for more extensive work with small groups of students), and delivery of teacher training on related areas (e.g., assessments and extensive small group work with students).

In our visits to North East schools, we found school administrators and teachers understood the reading goals set out in the Division-wide plan, as well as the data obtained from student reading assessments. The Division used this data to analyze progress towards the reading goals. To support the Division-wide plan, schools developed school-level action plans. We found these were consistent with the Division-wide plan. School-level actions included:

- Delivery of programs and initiatives (e.g., development of individualized student reading plans, small group reading interventions)

- Teacher training (as identified by the Division, schools, or teachers) on assessing students' reading levels, responding to student needs (including reading interventions)

- Meetings to discuss initiatives (e.g., to plan reading strategies, to reflect on success of reading strategies)

- Provision of resources to support initiatives (e.g., books, information packages for parents)

- Events to involve parents (e.g., information nights, literacy night, student/family reading challenge)

- Student reading assessments (see **Figure 3** for a description of the various assessment tools used)

Expectations Communicated to Key Stakeholders

North East communicated its reading expectations (e.g., planned actions) to stakeholders (e.g., students, parents, communities including First Nations) in various ways. For example, school community councils[12] reviewed and approved the 2015-16 school-level action plans.

Also, North East had ongoing communications with stakeholders about reading strategies and actions. It provided information and guidance to help parents support their children's reading. It did this through a variety of methods such as:

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[11] North East School Division No. 200, *Annual Report 2014-15*, p. 12.

[12] School community councils facilitate parent and community participation in school planning and provide advice to the school board, school staff, and other agencies involved in the learning and development of students. Under *The Education Act, 1995*, school community councils are required to be established for each school in a division.

- Websites (e.g., information about assessment tools, tips for reading with children)
- Social media (e.g., email, Facebook, Twitter)
- Newsletters
- Face-to-face discussions (e.g., end of term meetings with students and parents)
- Literacy events (e.g., family literacy nights)
- School community councils

We found schools obtained community support for reading through local organizations such as community libraries, service clubs, local hockey teams, and senior citizen homes. Support included donations of books, sponsorship of reading initiatives, community members reading to students, or having students read to others.

4.2 Risk Strategies Needed to Support Action Plans

4.2.1 Documented Risk Strategies Needed

We expected that North East would identify and manage risks that could impact timely completion of actions for improving reading levels.

Division-wide and school-level action plans described similar key risks that North East faced in meeting student reading goals. These risks included challenges interpreting and responding to reading assessment results, staff not identifying and planning interventions for students struggling with reading, and low parent participation to support students at home. However, action plans did not capture all key risks.

During our school visits, we found school administrators and teachers identified risks not included in either the Division-wide or school-level action plans. These risks included students who frequently move among schools and school divisions, insufficient teaching time, and a lack of suitable books.

Documenting all key risks related to achieving planned reading levels supports understanding and proactive management of the risks within each school and across the Division. Proactive risk management helps to address risks before student reading levels are negatively impacted.

1. **We recommend that North East School Division No. 200 document all of its key risks related to increasing the percentage of Grade 3 students reading at grade level.**

Although the Division-wide and school-level action plans included sections for documenting risk management strategies, North East did not document strategies to manage many of its key risks to Grade 3 reading levels. For example, it did not document strategies related to interventions staff would use with students struggling with reading, low parent participation, students who frequently move among schools and school divisions, and insufficient teaching time. Division staff, school administrators, and teachers described certain strategies they used to manage key risks set out in the action plans and those informally identified by staff during their work (e.g., specific training for teachers, funding to purchase books, visits to students' homes).

Risk management strategies are typically designed to reduce key risks to an acceptable level. Documentation of those strategies help staff know what actions are expected to reduce key risks affecting Grade 3 student reading levels. It also helps staff understand how their work contributes to reducing key risks. Furthermore, documentation facilitates sharing of risk strategies among the Division's 16 schools and supports active risk management. Without active risk management by staff, students may continue to struggle to read at grade level by the end of Grade 3, resulting in those students falling further behind as they continue their schooling.

2. **We recommend that North East School Division No. 200 document strategies for managing identified risks related to increasing the percentage of Grade 3 students reading at grade level.**

4.2.2 Resources and Training Provided Based on Documented Risks

We expected North East would use a risk-based approach to allocate resources (e.g., staff, funding, tools, supports) to increase reading levels. We expected North East would provide training to support actions (e.g., by teachers, support staff).

North East made various resources available to staff to aid in assessing and increasing students' reading levels. It determined these resources within its action plans, considering documented risks. After North East has completed its documentation of risk management strategies as discussed in **Section 4.2.1**, it should review its action plans and resource allocations to maintain focus on its key risks.

North East's reading resources included student books categorized by reading level, materials for more extensive work with small groups of students, and guidance for reading assessments. North East also supported reading by providing specialized teachers, staff training, and assistance from Division staff (e.g., two superintendents, three learning coordinators, three learning consultants).

Learning consultants provided in-school assistance to teachers related to reading assessments and interventions. Superintendents and learning coordinators:

- Worked with schools to understand how reading assessments support the success of students in individual schools
- Assessed individual school needs and allocated resources to the schools (e.g., teacher training, books and materials to support individual and small group instruction)

We found Division staff and school administrators determined staff training required from a division-wide perspective and for individual teaching staff. It provided funding for teaching staff to attend external training or workshops about reading. Teachers prepared individual annual professional growth plans that included their plans to attend training or workshops about reading.

The Division also provided internal training, and varied this training based on teachers' experience and expressed needs. For example, North East trained all teachers new to its division about teaching students to read. It had annual training for Grades 1 to 3 teachers about the reading assessments it used (see description of assessment tools in **Figure 3**). It trained Grades 1 to 3 teachers on the use of small group literacy interventions, which was one of its key strategies to help students who had difficulty reading and writing.

In addition, it gave teaching staff various supports such as:

- Criteria and guidance on how to assess students in reading
- Explanations on how the different types of reading assessments it used aligned with each other and the curriculum
- Forms, on its website, to assist teachers in assessing reading levels
- Guidance on ways to help students learn to read, including students with learning difficulties (e.g., small group literacy interventions). For example:
    - In 2014-15 it deployed small group literacy interventions in selected schools. In these schools, teachers provided small group instruction to students who had difficulty with reading and writing
    - In 2015-16 it deployed small group literacy interventions in all schools
- Guidance on how to evaluate books to assign them to a certain reading level; determining the reading level of a book helps teachers carry out reading with students based on the reading skills of the student (i.e., student's progress at individualized rates)

We found North East used various methods, which were school specific, to free up the regular classroom teachers' time to focus on more intensive instruction for students who were struggling with reading. For example, in one school it used literacy coaches (teachers who assist classroom teachers) to help classroom teachers assess student reading levels. Teachers in schools that we visited indicated that while they could always use more time, these processes supported their ability to carry out reading assessments and more intensive instruction when needed.

Small group literacy interventions took place within regular classrooms. In some schools, it used a co-teaching model where one teacher would instruct a class, while the regular classroom teacher simultaneously carried out a small group literacy intervention in the same classroom. The Division allowed regular classroom teachers to use other teachers as resources (e.g., to observe another teacher assess a student's reading level, co-teaching).

Division staff discussed results from student reading assessments regularly with school administrators. We found Division staff, school administrators, and teachers we interviewed were all familiar with the reading assessment data. We found examples of school administrators and teachers receiving additional resources (e.g., small group literacy intervention materials) throughout the year based on results of ongoing reading assessments.

4.3 Guidance for Exemptions and Explanations of Changes to Action Plans Needed

4.3.1 Guidance Needed for Exempting Students from Reading Assessments

We expected that North East would measure progress towards meeting its reading goals and adjust its actions as required. We expected North East would give staff guidance on measuring progress including determining any students to be exempted from measurement or reporting.

North East's processes required teachers to assess students' reading levels multiple times in a school year (see frequency of students assessment in **Figure 3**). After each assessment period, North East compared the overall reading assessment results to its reading targets.

Provincial guidelines, in *Saskatchewan Reads,* help school divisions determine when it may be appropriate to exempt a student from reading assessments completed using the provincial measurement tool. *Saskatchewan Reads* indicates that students should be assessed and reported in provincial reading assessment results unless a student is not able to complete the reading assessment (i.e., student is exempt). *Saskatchewan Reads* also provides guidance on reporting results to the Ministry and the public, including reporting the number of students that were exempt from reading assessments.

Exemption from provincial reading assessments are allowed for students whose English proficiency level is below a stated level, are absent at the assessment period, with limited or no communication skills, with intellectual functioning significantly below average, or with severe emotional and/or behavioural difficulties.[13] Exemptions may occur based on a recommendation by a collaborative team, comprised of the classroom teacher, school staff, and division staff.

Saskatchewan Reads provides general guidance; it does not contain sufficient detail so that exemptions are made consistently between schools and school divisions and from year-to-year. For example, it does not set out how to determine the level of intellectual functioning, and emotional and behavioural difficulties that warrant exemption. For another example, *Saskatchewan Reads* does not contain guidance to help divisions select members for collaborative teams, and guidance for analyzing alternatives and making recommendations.

Although North East provided direction to use the *Saskatchewan Reads* guidelines, it did not give schools and staff additional guidance on how to apply these guidelines, or for exempting students from reading assessments using the North East measurement tool. We found staff in some of the schools we visited were uncertain about how to determine if it was appropriate to exempt students from a reading assessment.

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[13] *Saskatchewan Reads*, (2015), p. 81.

For the June 2015 assessment, North East reported reading assessment results for 96.3% of its Grade 3 students, which was 7.4% higher than the provincial rate of 88.9%. It exempted 3.7%[14] of Grade 3 students from the reading assessment.[15] The Division reported that the majority of the exempted students were English-as-an-Additional-Language students with an English proficiency below the required level for assessment (an exemption category noted in *Saskatchewan Reads*).

Without additional guidance on determining which students to exempt, the Division increases the risk that exemptions are not assessed consistently with other school divisions or among North East schools. This may result in not assessing some students who could benefit from interventions or other additional supports indicated by the results. In addition, some schools may exempt more or fewer students than necessary, which could affect school, division, and provincial assessment results as well as decisions made based on those results. A lack of guidance increases the risk that students could be improperly exempted from reading assessments.

3. **We recommend that North East School Division No. 200 work with other school divisions to develop additional guidance for exempting students from provincial reading level assessments.**

4.3.2 Evaluation of Assessment Tools Needed

We expected that North East would evaluate its assessment tools to determine if they provided useful, reliable information about Grade 3 students' reading levels. We expected North East would consider the value gained from each assessment tool, the combined value of all assessment tools, and whether any information gaps exist that could be met by different or further assessment tools. For example, it may use one tool to identify specific reading difficulties for a student to allow for directed reading interventions and another tool to mark student reading performance for a report card. The number and type of assessment tools would be the most efficient combination that produces useful and reliable information required to support decisions for students.

As set out in **Figure 3**, North East uses several different reading level assessment tools including its selected variation of the provincial measurement tool.[16] It adopted its tools based on research. It has used some tools for many years (e.g., North East measurement tool since 2009), and implemented others more recently, such as the selected provincial measurement tool (Diagnostic Levelled Reading) in 2014.

North East did not have processes to evaluate the effectiveness of its reading assessment tools. As of December 31, 2015, North East had not evaluated the effectiveness of any of its assessment tools, including the selected provincial measurement tool, or determined the combined value of its multiple assessment tools.

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[14] North East exempted 13 of its 351 Grade 3 students.

[15] North East School Division No. 200, *Annual Report 2014-15*, p. 13.

[16] Working with school divisions, the Ministry approved four variations of the provincial measurement tool that met common criteria to generate comparable results. Two variations were commercially developed with modifications made to reflect Saskatchewan context, and two Saskatchewan school divisions each developed their own variation (e.g., to include additional First Nations and Métis context). North East selected one of the variations developed by a Saskatchewan school division, which had similar demographics.

During our visits to schools, school administrators and teachers expressed varying views about the reading assessment tools. Although staff generally expressed support for the Division's plan, a few school administrators and teachers noted concern about potential subjectivity in performing assessments and about the frequency of assessments of individual students. For example, an individual Grade 1, 2, or 3 student is formally assessed at least five times in a school year – three times using the Ministry tool and two times using North East's tool. An evaluation of the assessment tools would help the Division respond to concerns about the subjectivity and frequency of student reading assessments.

Periodic analysis of the effectiveness of the reading assessment tools would enable the Division to determine whether the assessment tools are working as expected; that is, whether they provide teachers with the necessary information to help them increase individual student reading levels. Not periodically evaluating its reading assessment tools increases the risk that teachers and students may spend time on assessments that do not help to increase student reading levels. In evaluating the effectiveness of the reading assessment tools, the Division may seek to work with the Ministry and other school divisions.

4. **We recommend that North East School Division No. 200 periodically evaluate the effectiveness of the tools it uses to assess student reading levels.**

Division management advised us that North East plans to begin evaluating its reading level assessment tools in 2016.

4.3.3 Reporting of Changes to Action Plans Needed

We expected that North East would report progress towards achieving its reading goals to its Board, the Ministry, staff, parents, and communities. Reports would explain differences between results and targets, and adjustments to related actions and plans, if any.

Division management regularly discussed student reading assessment results with school administrators, including in planned quarterly meetings. We found school administrators discussed reading assessment results with staff during regular staff and school committee (e.g., student achievement) meetings. Based on reported progress, North East adjusted its planned actions for increasing the percentage of Grade 3 students reading at grade level. For example, the Division changed assignments of teachers and literacy coaches, and reallocated classroom space to address reading challenges experienced by some groups of students.

North East's Board received quarterly updates on the Division's progress toward its reading goals. North East publicly reported year-end assessment results in its annual report, including information about the number of students exempted from assessment. As previously noted, at June 2015, 66% of North East's Grade 3 students were assessed as reading at grade level or above using the Ministry's assessment tool as compared to North East's interim goal of 75%.

We found North East did not explain, in its reports to the Board or the public, why actual results differed from its targeted reading goals. Nor did it share in its reports the changes it planned to make in order to achieve its goal.

Explanations for differences between planned and actual reading results provide key information to the Board and public to facilitate informed decision-making. This information can help staff, parents, and communities identify ways to support North East's efforts to improve students' reading. Without adequate reporting, the Board may make uninformed decisions about strategies and resource allocations needed to support students with reading challenges and its staff, and the public may not know how to support North East's action plans.

5. **We recommend that North East School Division No. 200 publicly provide the reasons for differences between planned and actual results for Grade 3 student reading levels, along with key resulting changes to action plans.**

5.0 SELECTED REFERENCES

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Chapter 12
Prairie Spirit School Division No. 206—Maintaining Facilities

1.0 MAIN POINTS

This chapter reports for the 12-month period ended November 30, 2015, the results of our audit of processes Prairie Spirit School Division No. 206 (Prairie Spirit, Division) uses to maintain its facilities.

In the last few years, the Division became aware of structural deficiencies in approximately 40% of its schools. The Division has investigated and determined the extent and estimated cost of structural deficiencies identified in those schools. Prairie Spirit did not keep documentation to support approximately $13 million of $22.6 million cost estimates. Prairie Spirit focused on addressing immediate maintenance priorities to keep students and staff safe.

Determining maintenance priorities over the short, medium, and long term, and having documented strategies to address them are critical components of an overall maintenance plan. We made seven recommendations surrounding Prairie Spirit's need to:

- Develop a maintenance plan that defines what level of maintenance is needed, when, and at what cost
- Obtain complete and accurate information about its facilities and significant components – including setting out expectations regarding how often to update information and the nature, extent, and frequency of inspections
- Provide its Board with reports on the condition of all its facilities, timely completion of maintenance, and the nature and extent of deferred maintenance and its anticipated impact
- Require the review of cost estimates against supporting information by someone other than preparer of the estimates

Effective maintenance processes help enhance the future viability and safety of schools, improve the quality of space, protect against loss of facility value or service life (i.e., replacing a facility earlier than intended), and limit repair costs in the future.

2.0 INTRODUCTION

Prairie Spirit School Division No. 206 is a public school division that operates 35 schools in the area surrounding the City of Saskatoon. See **Exhibit 5.1** for a map of the Division and its schools. Prairie Spirit is responsible for educating about 10,400 students.[1]

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[1] *Prairie Spirit School Division No. 206 Annual Report 2014-15*, p. 3.

Prairie Spirit was created in 2006 through the amalgamation of three existing school divisions. Prior to 2006, these divisions were responsible for maintaining the schools that are now part of Prairie Spirit's division.

2.1 Legislated Responsibility for Maintaining Schools

Prairie Spirit is one of Saskatchewan's 28 school divisions. *The Education Act, 1995* (Act) and regulations set out the roles and responsibilities of school divisions and of the Ministry of Education (Ministry). Elected boards of education (school boards) govern school divisions. School boards administer and manage school divisions, including schools.

Under the Act, school divisions are responsible for providing and maintaining schools, including equipment and facilities necessary for board-approved educational programs and instructional services (section 85). School divisions are also responsible for setting school-facility maintenance procedures for the purpose of maintaining satisfactory standards of comfort, safety, and sanitation for the students and other users of the accommodation (section 85).

The Act sets out approval processes for capital projects. For example, it requires school boards to obtain Ministry approval of all major capital projects[2] including major renovations and maintenance of schools. For approved projects, they must obtain the Ministry's approval at key project stages (e.g., project planning, design, tender).[3]

2.2 Facilities and Maintenance

Prairie Spirit's objective for school facilities is to provide safe, healthy, and inviting environments to encourage students to reach their full potential.[4] Prairie Spirit is responsible for maintenance of about 132,000 square metres of school facilities in its school division. As noted in **Exhibit 5.2**, Prairie Spirit's facilities include:

- Thirty-five schools located in 26 communities. The average age of these schools is 47 years with ages ranging from 2 to 88 years old.[5] Prairie Spirit opened its newest school in 2013.
- A school division office and school-services building located in Warman.[6]
- A bus garage located in Saskatoon,[7] which Prairie Spirit plans to relocate due to an expansion of Saskatoon's city limits.

As shown in **Figure 1,** at August 31, 2015, these facilities had a net book value of $127.3 million.[8] In 2014-15, plant expense of $17.7 million (2013-14: $16.5 million) was Prairie Spirit's second largest expense, and was about 15% of its total annual expenses. Plant expense includes costs to operate and maintain facilities such as related salaries, goods, services, and operating expenses. The Ministry approves Prairie Spirit's budget. For 2015-16, it approved budgeted plant expenses of $14.4 million (2014-15: $14.1 million).[9]

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[2] The Ministry defines major capital projects as those costing more than $1 million.

[3] Our *2013 Report – Volume 1*, Chapter 8 reports on the effectiveness of the Ministry of Education's capital asset planning processes for facilities to house and support educational programs and instructional services for students in school divisions. It includes eight recommendations. Our *2015 Report – Volume 1*, Chapter 20, reports the status of those recommendations.

[4] Prairie Spirit School Division No. 206, *Facilities Strategic Planning Poster.*

[5] Adapted from information provided by Prairie Spirit School Division No. 206.

[6] *Prairie Spirit School Division No. 206 Annual Report 2014-15*, p. 35.

[7] Ibid.

[8] The majority of Prairie Spirit's investment in tangible capital assets is related to buildings (facilities).

Figure 1—Prairie Spirit Maintenance Expenses and Capital Assets

	2015 Actual	2014 Actual	2013 Actual	2012 Actual	2011 Actual
			(in millions)		
Plant Expense	$17.7	$16.5	$12.7	$11.5	$11.1
Total Expenses	$116.8	$112.5	$106.7	$102.7	$92.7
% of Total Expenses related to Plant Expense	15.2%	14.7%	11.9%	11.2%	12.0%
Buildings – Net Book Value^A^	$127.3	$112.3	$102.4	$86.4	$75.7
Total Tangible Capital Assets – Net Book Value	$145.2	$130.0	$118.5	$102.7	$93.0
% of Tangible Capital Assets Related to Buildings	87.6%	86.4%	86.4%	84.1%	81.4%

Source: *Prairie Spirit School Division No. 206 annual financial statements.*
^A^ Includes net book value of buildings, buildings - short term, and assets under construction.

In 2014-15, Prairie Spirit spent $6.2 million on capital projects; a portion of this spending was for major maintenance (e.g., renovations).[10] Also at November 2015, two additional joint-use schools located in Warman and Martensville were under construction through a public-private partnership (P3) arrangement managed by the Ministry.

As reflected in **Figure 2**, the Division has a Facilities Department responsible for Prairie Spirit's maintenance and caretaking activities. The Department is also responsible for managing the construction of new schools, the renovation of existing schools, and the installation of portable classrooms.

The Facilities Planner leads the Facilities Department with direction from the Director of Education. Prairie Spirit created the Facilities Planner position in 2011. The Facilities Planner has the assistance of two maintenance supervisors – one responsible for nine facilities staff who conduct maintenance throughout the Division, and the other responsible for caretaking.

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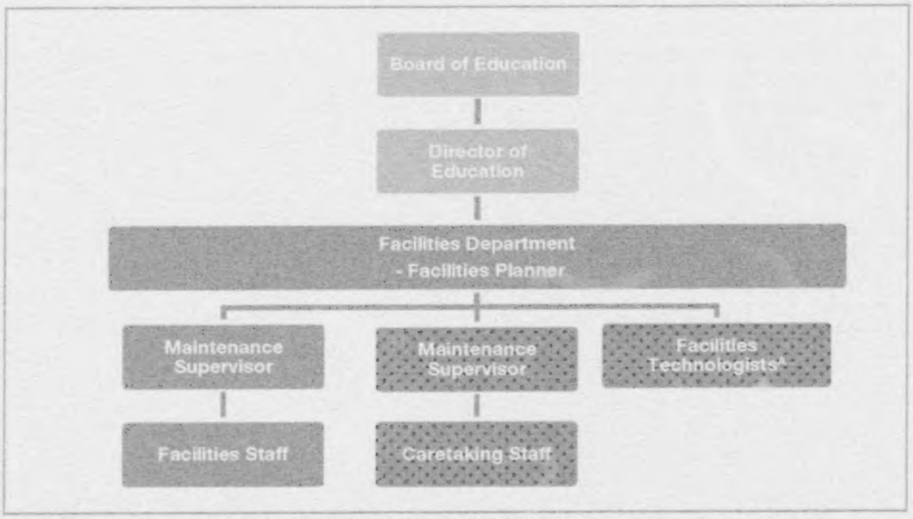
[9] *Prairie Spirit School Division No. 206 Annual Report 2014-15*, p. 64.
[10] Ibid., p. 36.

Figure 2—Prairie Spirit's Facilities Organizational Chart



Source: Adapted from Prairie Spirit School Division's organizational chart.
^A The Facilities Technologists are responsible for maintaining, updating, and reviewing the architectural drawings associated with facilities throughout the school division.

The Ministry states, "the provision and maintenance of high quality learning facilities has a direct impact on the system's ability to help students achieve optimal performance."[11] The Division depends on its facilities to deliver its educational services and to fulfill its mandate.

Planning for and completing required maintenance is essential to the ongoing operation of the school division. Improper or untimely facility maintenance can lead to potential health and safety problems for students, staff, and the public accessing facilities. It can also result in reduced quality of space, loss of facility value or service life (i.e., replacing a facility earlier than intended), and higher repair costs in the future. Repairs can be disruptive and costly. Doing timely, required maintenance may reduce or potentially eliminate the need for, and the extent of, major repairs.

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of Prairie Spirit's processes to maintain its facilities for the 12-month period ended November 30, 2015.

For the purposes of this audit, maintenance is defined as the process of keeping existing facilities in good condition to meet service objectives.[12] Facilities include all buildings[13] and significant components (e.g., heating and air conditioning units) owned by Prairie Spirit. Maintenance does not include caretaking services or the construction of new facilities (e.g., schools, portable classrooms). It does not include the functions and duties that caretaking and facilities technology staff carry out (see patterned boxes in **Figure 2**).

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[11] *Ministry of Education 2012-13 Annual Report*, p. 17.
[12] Service objectives are the intended purpose of the facilities over a specified service life plan.
[13] Buildings include school buildings, bus depots, storage facilities, etc.

For other key terms and definitions, see the Glossary in **Section 6.0**.

We examined Prairie Spirit's policies and procedures that relate to maintaining facilities, reviewed the school division's maintenance system and procedures, and tested a sample of maintenance items. We also interviewed Board members, as well as school division and school staff. We did not assess the condition of the Division's facilities, or its processes to allocate or secure resources to maintain its facilities.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Prairie Spirit's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Prairie Spirit's management agreed with the criteria (see **Figure 3**).

Figure 3—Audit Criteria

1. **Keep reliable information on facilities**
    1.1 Identify the facilities, including components, that must be maintained
    1.2 Determine service objectives for long-term performance
    1.3 Maintain current, reliable information needed to manage facility maintenance (e.g., facility condition, remaining service potential, estimated maintenance costs, estimated replacement cost)
    1.4 Assess risk that facilities will not meet required service objectives
2. **Develop a maintenance plan**
    2.1 Establish specific maintenance strategies to achieve service objectives
    2.2 Set maintenance priorities (short-, medium-, and long-term)
    2.3 Evaluate strategies against available resources (short-, medium-, and long-term costs)
3. **Carry out maintenance effectively**
    3.1 Use recognized maintenance standards
    3.2 Implement maintenance procedures consistent with standards
    3.3 Provide staff with guidance on use of maintenance procedures
    3.4 Track maintenance activities
4. **Monitor performance of maintenance**
    4.1 Analyze progress in carrying out maintenance plan
    4.2 Periodically report on maintenance activities (e.g., progress against maintenance plan, total deferred maintenance) to internal and external stakeholders (i.e., board, Ministry of Education, public)
    4.3 Adjust plans as new information becomes available

We concluded that for the 12-month period ended November 30, 2015, Prairie Spirit School Division No. 206 did not have effective processes to maintain its facilities. It needs to:

- **Develop a written maintenance plan for all of its facilities and their significant components, including short- to long-term maintenance priorities, and track maintenance completed**
- **Set out expectations about information, including service objectives, for staff to gather and record about its facilities and significant components**
- **Give staff guidance on the nature, extent, and frequency of inspections of all its facilities and related significant components**
- **Periodically give the Board comprehensive maintenance reports (e.g., condition of facilities, timely completion of maintenance, deferred maintenance and its anticipated impact)**

- **Require the review of estimated maintenance costs against supporting information by someone other than the preparer of the estimates**

A written maintenance plan for all of its facilities and their significant components would define what maintenance should be done, to what level, when, and at what cost over the short, medium, and long term. Having such a plan would help the Division assess the current and future impact on its facilities of delaying maintenance.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations) in italics, and our key findings along with related recommendations.

4.1 Complete and Up-to-date Information on Facilities Needed

We expected Prairie Spirit to identify all of its facilities and significant facility components (e.g., air conditioning units) that it must maintain. We expected Prairie Spirit to keep current and reliable information about each of its facilities and components to manage maintenance (e.g., facility condition, estimated maintenance costs, estimated replacement costs).

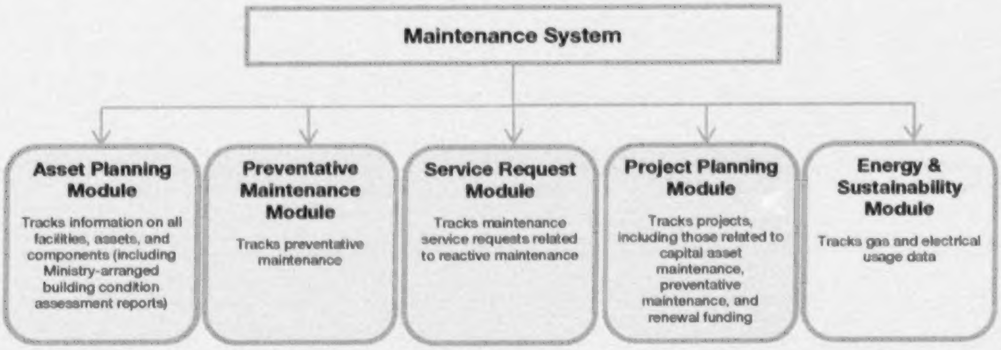
We expected Prairie Spirit to establish service objectives for long-term performance of facilities and components. Service objectives help define the importance and lifecycle of a facility or component to the organization's purpose so that an effective maintenance plan can be established.

We also expected it would assess the risk that facilities and components may not meet those service objectives.

4.1.1 Asset Maintenance System in Place But Not Fully Utilized

Prairie Spirit has an electronic asset maintenance system (Maintenance System) that is designed to manage and track its key maintenance activities. As shown in **Figure 4**, the Maintenance System has five modules, four of which relate to maintenance activities (gray shaded boxes). Information to be included in each of these modules is key to plan for and carry out required facility maintenance activities. The Maintenance System is the same system made available by the Ministry to all 28 school divisions in the province.

Figure 4—Prairie Spirit Maintenance System


Maintenance System
Asset Planning Module
Tracks information on all facilities, assets, and components (including Ministry-arranged building condition assessment reports)
Preventative Maintenance Module
Tracks preventative maintenance
Service Request Module
Tracks maintenance service requests related to reactive maintenance
Project Planning Module
Tracks projects, including those related to capital asset maintenance, preventative maintenance, and renewal funding
Energy & Sustainability Module
Tracks gas and electrical usage data

The **Asset Planning Module** is designed to track information about its facilities and components such as a detailed description, location, purchase date, history, and replacement cost. The following three modules track maintenance activities for its facilities as follows:

- **Preventative Maintenance Module** tracks routine repairs and inspections intended to assist in systematic correction of emerging failures before they occur or before they develop into major defects.
- **Service Request Module** tracks minor repairs conducted in the form of service requests and completed as issues arise. This is reactive maintenance.
- **Project Planning Module** tracks some of Prairie Spirit's projects, including those related to Ministry funding (e.g., preventative maintenance and renewal). Tracked activities include larger or more complex maintenance activities (e.g., repairs or replacements of components).

Source: Prairie Spirit Maintenance System.

While the Maintenance System is designed to identify and track key information for planning and maintaining facilities, its functionality is diminished if the system does not have complete and accurate information. Prairie Spirit does not fully use the functionality of this system to help it plan for and monitor the maintenance of its facilities and their significant components (e.g., heating and cooling systems).

We found the information Prairie Spirit gathered in the Maintenance System about the facilities and their significant components was not complete. Although the Maintenance System contained information on each facility, it did not contain information on all significant components that Prairie Spirit must maintain. For example, we found that the Maintenance System includes only one component (i.e., fire sprinkler system) for the Stobart Community School built in 2012; it does not include any other components (e.g., furnaces, electrical components, water heater, windows) for this school.

We also found that information in the Maintenance System was outdated and not always accurate. Examples of missing or erroneous information include:

- The same component (e.g., a furnace) was listed in the Maintenance System twice; management was aware assets may have mistakenly been added twice when entering information from Ministry-arranged condition assessments.
- Old components replaced with new components (e.g., furnaces, hot water heaters) were not always removed from the system; management acknowledged this occurs.
- As noted in **Section 4.1.2**, information on condition of facilities was outdated or incomplete.

Prairie Spirit does not have written guidance that sets out what information it expects staff to collect and track in the Maintenance System. In addition, it does not have guidance or processes to make sure information recorded in the Maintenance System is complete, accurate, or up-to-date.

Not having complete and accurate information can contribute to maintenance activities being reactive instead of preventative. Over time, focusing primarily on reactive maintenance can contribute to poor facility conditions, and may lead to unsafe facilities or portions of facilities.

Lack of clear processes for gathering current and reliable information about facilities and components increases the risk that preventative maintenance may not be appropriately scheduled or completed, and may cause incorrect decisions about what maintenance to do and when. Documented processes enable knowledge transfer in the event of staff turnover, and assist staff in understanding and following consistent processes. It can also hold those responsible accountable for their actions since the expectations are clearly laid out.

1. **We recommend that Prairie Spirit School Division No. 206 set out, in writing, what minimum information it expects staff to gather and record about its facilities and significant components.**

4.1.2 Expectations for Periodic Assessment of Facilities Unclear

Assessments about facility condition provide information key to effective maintenance planning. Prairie Spirit does not have policies regarding inspections of facilities or their related components. It has not set policies, and does not have documented procedures to guide staff in:

- Determining how often to assess the condition of facilities and/or significant components so that they are inspected within a reasonable timeframe, and comply with related standards (e.g., building codes, fire codes, electrical codes), if any
- Determining the nature and extent of condition assessments (e.g., visual inspection of exteriors)
- Carrying out an inspection (e.g., information on how to assess the condition of facilities or components, sources of best practices)
- Documenting work done and inspection results (e.g., use of standard inspection checklists or forms)
- Updating inspection results in its Maintenance System (e.g., condition of each component, estimated remaining service life, maintenance needs, completed maintenance)

We found that the information in the Maintenance System about the condition of facilities and components was outdated. Information about the condition of existing facilities and components (e.g., air conditioners, heating units) was only updated every five years during the Ministry-arranged condition assessments. The Asset Planning Module of the Maintenance System includes links to these condition assessment reports.

As described in **Figure 5**, the Ministry arranges for these facility-condition assessments about every five years; these are solely visual assessments of facilities.

Figure 5—Facility-condition Assessments

About every five years, the Ministry hires and pays for external experts to determine the condition of each school facility and its components within a school division.

These experts carry out visual assessments. Visual assessments do not include detailed inspections of the condition of facilities and components (e.g., detailed assessment of mechanical, plumbing, or electrical components).

These experts report the results of their work in condition assessment reports (sometimes referred to as condition audit reports). The reports include information on facility condition, and list specific maintenance that the external expert thinks should be done on each school. These experts prepare a report for each school facility and/or component inspected.

These experts provide the reports to the Ministry and related school division.

Source: Adapted from information provided by Prairie Spirit School Division.

Periodically, Prairie Spirit disagrees with views of the Ministry expert on what specific maintenance should be done on a school (e.g., timing to replace a boiler). In these cases, Prairie Spirit does not document its reasons for disagreeing, or update the Maintenance System with alternate maintenance activities it plans to undertake. The Division informed us that Ministry-arranged visual condition assessments done every five years provide it with insufficient information about the condition of its facilities. Prairie Spirit's last Ministry-arranged facility-condition assessments were done in October of 2013.

Well-designed facility assessments or inspections identify structural or functional deficiencies and conditions that are either potentially damaging to property or present safety risks, help define regular preventative maintenance requirements, and can identify potential renewal and replacement projects to reduce deferred maintenance.

Not requiring regular robust inspections increases the risk that information about the condition of facilities and significant components is not sufficiently robust or available for maintenance planning. Lack of guidance increases the risk staff may not carry out sufficient inspections at appropriate intervals.

2. **We recommend that Prairie Spirit School Division No. 206 provide staff with written guidance on the nature, extent, and frequency of inspections of all of its facilities and related significant components.**

4.1.3 Service Objectives to Guide Expected Maintenance for Individual Facilities Not Set

Prairie Spirit has set an overall service objective for its facilities. However, it has not set measurable service objectives (e.g., a minimum acceptable facility conditions index [FCI] rating, or facility life or condition needed to meet Prairie Spirit's future needs) for types of facilities[14] or their significant components.

Prairie Spirit's overall service objective for facilities is to provide safe, healthy, and inviting environments to encourage students to reach their full potential.[15] It uses this overall objective to guide some of its preventative maintenance activities (e.g., frequency of inspections of boilers and fire sprinkler systems) and to prioritize its requests for maintenance (service requests).

It documents the expected frequency of some, but not all, of its preventative maintenance in the Maintenance System for review by a supervisor. For these items, the Facilities Department uses the Preventative Maintenance Module to communicate to staff the expected frequency of the preventative maintenance. The Facilities Department communicates verbally preventative maintenance it expects contractors to do.

We found the Maintenance System does not include expected preventative maintenance tasks for all significant components, such as HVAC systems (i.e., furnaces, air handling units, exhaust fans, force flow heaters, air conditioners). The Division expects its maintenance contractors to perform maintenance for such systems, but has not formally documented the expected frequency of maintenance for these components (i.e., neither within nor outside of the Maintenance System).

Documenting the frequency of all required preventative maintenance within the Maintenance System would help the Division with scheduling and tracking completion of required maintenance.

When reviewing structural engineer assessments done in 2014 for Prairie Spirit's schools, we identified five schools where the assessments identified unaddressed recommendations made in assessments conducted from the 1980s to 2013. The estimated costs to complete both the previously-identified structural repairs, along with the repairs identified in the more recent structural assessments, at these five schools is approximately $4.8 million. In all five instances, while the previous assessments recommended repairs, they did not indicate that structural conditions required closure or immediate reinforcement to allow for the continued use of the schools.

At November 2015, the Division had identified deferred maintenance totalling $44 million related to school roofs and structural deficiencies (i.e., $21.4 million for roofs and $22.6 million for structural deficiencies). This information resides outside of its Maintenance System.

Also, Prairie Spirit does not determine or document the estimated remaining service life or condition rating for each facility, and significant components. Due to the lack of complete information about the Division's facilities captured in its Maintenance System, the Division cannot use this System to help identify and track total deferred maintenance.

Determining service objectives for types of facilities and significant components would enable Prairie Spirit to determine what future maintenance (preventative and reactive) to do and when. Not having complete information on maintenance that has been deferred increases the risk of incorrectly prioritizing maintenance (i.e., not doing the right maintenance at the right time). Also, without setting service objectives for individual facilities and significant components, the Division cannot determine resources needed (e.g., staff time) to perform maintenance activities over the short, medium, or long term, or assess the impact if timely maintenance is not performed.

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[14] One type could be schools with similar construction.
[15] Prairie Spirit School Division No. 206, *Facilities Strategic Planning Poster.*

3. **We recommend that Prairie Spirit School Division No. 206 establish service objectives for each type of facility and significant related components.**

4.1.4 Risks to Facilities Assessed

The Division took steps to assess significant risks to facilities, and provided this information to its Board. The Division hired experts to assess significant roofing and structural issues that presented risks to the Division's facilities, as follows:

- In 2014, Prairie Spirit hired an expert to do a comprehensive roofing assessment on all facilities. **Exhibit 5.2** highlights Prairie Spirit schools identified as needing roofing repairs.

  Management prepared a four-page information report on Roofing System requirements (Roofing System Report) based on the expert's detailed assessment of each facility. The Board received the Roofing System Report, for its information, in December 2014.

  The Division gave the Ministry an eight-page Roofing Report in January 2015. The Report briefly summarized the expert's opinion on the remaining service lives for roofs throughout the school division, roofs requiring immediate replacement, and the estimated repair costs (e.g., $21.4 million as of December 2014 for roofs with remaining service lives of 0 – 4 years).[16]

- In 2014, because of structural problems identified during March 2013 repairs in some schools, Prairie Spirit hired an engineering firm to do a comprehensive assessment of the structural integrity of 15 high-risk schools. Management indicated that it identified the 15 schools as high-risk based upon their age and through consultations with the engineering firm. **Exhibit 5.2** highlights Prairie Spirit schools identified as needing repairs for structural deficiencies.

  Figure 6 sets out the timeline of key events involving the comprehensive structural assessments.

Figure 6—Timeline of Key Events for Comprehensive Structural Assessments

March 2013: While completing structural repairs in some schools, Prairie Spirit became aware of structural deficiencies that it believed may exist in other schools throughout the Division (i.e., due to the similar age and construction of certain facilities). Upon learning of these deficiencies, the Board requested completion of comprehensive structural assessments of schools within the Division.

April 2014 – January 2015: Engineering firm hired by the Division carried out structural integrity assessments of 15 schools, and the firm gave management its report on each. Each report detailed the results of the structural assessment, described root causes of the structural deficiencies, and set out cost estimates to repair the identified deficiencies. Each report is about eight pages in length.

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[16] Prairie Spirit School Division, Roofing System Report, January 27, 2015.

December 2014: Management provided the Board with the Structural Restoration Report.

January 2015: Prairie Spirit shared the results of the structural assessments and updated cost estimates with the Ministry of Education.

Source: Adapted from information provided by Prairie Spirit School Division.

Using the results of the engineering firm's assessments of each of the 15 schools and related recommendations, management prepared a three-page report on the structural restoration requirements (Structural Restoration Report). The Structural Restoration Report provides a high-level summary of deficiencies identified, underlying reasons for the deficiencies at the 15 schools assessed, and estimated repair costs (i.e., \$12.7 million as of December 2014).[17] Examples of structural deficiencies identified include aspects of school structures (e.g., joists, trusses) requiring reinforcement or replacement.

The Board received, for its information, the Structural Restoration Report in December 2014; Prairie Spirit gave the Ministry a one-page report in January 2015, along with updated estimated repair costs (i.e., \$22.6 million as of January 2015).[18]

Management indicated that they gave the Board a verbal update in January 2015; the Board minutes did not include a record of this update. As we describe in **Section 4.4.2**, the estimated costs to repair identified structural deficiencies in the Board and Ministry reports differ significantly.

Also, the Structural Restoration Report did not indicate that some of the underlying concerns and recommended repairs noted by the engineering firm in the 2014-15 assessments were identified in past engineering assessments the Division or its predecessor divisions had received.

Staff did not update the Maintenance System for the results of all these assessments.

4.2 Overall Maintenance Plan Needed

We expected Prairie Spirit to develop a maintenance plan. This plan would include its maintenance objectives and key maintenance strategies. We expected its strategies to reflect its short-, medium-, and long-term priorities for maintenance and availability of resources for maintenance.

4.2.1 Plan Focuses on Immediate Priorities with Medium- and Long-term Priorities and Related Strategies Missing

Prairie Spirit does not have a policy or documented procedures that set out its maintenance planning processes. Also, it does not have an overall maintenance plan that clearly sets out its maintenance objectives, strategies, and priorities (i.e., planned maintenance activities and the timing of these activities) over the short, medium, or long term.

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[17] Prairie Spirit School Division, Structural Restoration Cost Estimate, December 11, 2014.

[18] Prairie Spirit School Division, Structural Restoration Cost Estimate, January 27, 2015.

As noted earlier, it does not fully use its Maintenance System to set out its planned maintenance. Instead, Prairie Spirit determines the maintenance requirements for each facility and component based on its maintenance staff's experience, results of the 2014 roofing and structural integrity assessments, the National Building Code, and other required codes (e.g., fire codes).

Prairie Spirit notes its immediate priority of addressing problems identified in the 2014-15 roofing and structural integrity assessments drives its current maintenance. It notes the estimated costs of roof and structural deficiency repairs of about $44 million ($21.4 million and $22.6 million, respectively) greatly exceed its typical annual plant expense of about $18 million (see **Figure 1**).

We found, as shown in **Figure 7**, Prairie Spirit has multiple documents related to funding for maintenance activities. Consistent with its immediate priority, these documents primarily reflect repairs identified in the roofing and structural assessments, and include only minimal preventative maintenance. The Division prepares the Ministry-required documents consistent with the parameters set by the Ministry, which have a short- to medium-term focus.

Figure 7—Documents Related Primarily to Requests for Maintenance and Capital Funding

Internal documents:

Annual List of Facilities Projects: Each year, the Division's annual operating budget includes funding for routine preventative maintenance tasks, service requests, and other maintenance projects. The Board approves this budget. The Facilities Department creates an internal list of maintenance projects that it plans to complete using the operating budget.

Facilities Strategic Directions Report: The Facilities Planner provides the Board with an annual report listing all major projects and their status, as well as projects that are still under review or require additional funding.

Ministry-required documents:

Major Capital Project Applications: Annually, the Division provides the Ministry with its list of Board-approved major capital projects, following the Ministry's guidelines. The Division can submit its top three major capital projects annually, and must prioritize the projects. Funding for major capital projects is not guaranteed, as the Ministry allocates its annual major capital funding after assessing applications received from each of the 28 school divisions within the province. For 2014-15 and 2015-16, Prairie Spirit submitted projects relating to the structural repairs addressed within the Structural Restoration Report described in **Section 4.1.4**. In 2014-15, the Division received $14 million (2013-14: $11 million)[A] for major capital projects, which included funding for construction of new schools.

Three-year Preventative Maintenance and Renewal (PMR) Plan: The Ministry provides annual funding for minor preventative maintenance and renewal based on projects in the Division's approved three-year PMR Plan. The Division prioritized projects identified in the PMR Plan (e.g., put highest priority projects in year one, medium priority projects in year two, etc.). The Ministry's policies set criteria to determine which projects are eligible for funding. The Ministry approves the plan annually following the Board's approval. In 2015-16, the Division received $1.4 million[B] (2014-15: $1.4 million)[C] in PMR funding.

Emergent Funding Program Applications: The Ministry provides emergent funding to be used for unexpected projects that are too large to be funded by PMR funding. In 2014-15, the Division received $1.3 million (2013-14: $875,000) in emergent funding to address some of the structural restoration work identified.

Source: Adapted from information provided by Prairie Spirit School Division.

[A] *Prairie Spirit School Division No. 206 Annual Report 2014-15*, p. 60.

[B] Prairie Spirit School Division, Report to the Board, June 15, 2015.

[C] Prairie Spirit School Division, 2014-15 PMR Reconciliation Report.

For significant maintenance projects, Prairie Spirit identified the same three major capital projects to submit to the Ministry (e.g., Major Capital Project Applications) in 2014-15 and 2015-16, all of which relate to structural deficiencies identified at schools in the Structural Restoration Report. Prairie Spirit has not documented the prioritization of repairs of the schools identified in 2014-15 assessments supporting this Report beyond these three projects.

Prioritization of all projects with identified deficiencies would help Prairie Spirit identify the funding it will need to repair schools over time and when. Prairie Spirit indicated it fully recognizes that significant resources are needed to address the structural deficiencies identified in the Structural Restoration Report.

Other than the following two documents, Prairie Spirit has not documented its maintenance strategies over the medium or long term.

- First, the Facilities Department maintains a Facilities Continuous Improvement Plan. This Plan documents issues the Department encounters, possible solutions, the estimated timeframe for completion, and the staff responsible. The Facilities Planner indicated this Plan is shared with the Director of Education during their meetings throughout the year.

- Second, when communicating the results of the structural integrity assessments to the Ministry in January 2015, Prairie Spirit provided suggested alternatives on how to address the cost of the identified repairs (e.g., funding the maintenance over a period of time, developing a borrowing plan, tendering a project manager to develop a funding proposal and complete the work). While the Ministry provided Prairie Spirit with almost $1.3 million of emergent funding in fiscal 2014-15 to address structural deficiencies, Prairie Spirit recognizes that significant work remains outstanding.

Maintenance staff informally determine the priority of maintenance projects and activities for school facilities consistent with Prairie Spirit's overall service objective (i.e., safe, healthy, and inviting environments). For 42 service requests (i.e., reactive maintenance) tested, we found staff addressed maintenance relating to health and safety concerns first, and completed other requests within a reasonable timeframe. For example, we found a service request indicating a natural gas smell in a school was addressed immediately, ahead of other service requests.

However, the prioritization of significant maintenance projects is not adequately documented. Determining the priorities of maintenance over the short, medium, and long term and strategies to address them are critical steps in developing an overall maintenance plan. Having an overall maintenance plan would assist the Division in determining the cost of its maintenance needs over the short, medium, and long term. It would demonstrate the Division's plans to reduce or potentially eliminate the need for, and the extent of, major repairs in the future. A maintenance plan would also help Prairie Spirit determine the impact on its facilities of delaying maintenance.

4. **We recommend that Prairie Spirit School Division No. 206 develop a maintenance plan for all of its facilities and their significant components, including short-, medium-, and long-term maintenance priorities and planned preventative maintenance strategies.**

4.3 Preventative Maintenance Not Documented

We expected Prairie Spirit to use recognized maintenance standards, implement procedures consistent with standards or plan, and provide staff with guidance on use of procedures. We expected Prairie Spirit to track its maintenance activities to verify maintenance is completed in a timely manner.

4.3.1 Professional Staff used for Maintenance

Prairie Spirit hires maintenance staff who are professionals in relevant trades (i.e., journeyperson), or who have relevant trades or maintenance experience. It may also hire contractors to perform maintenance. It expects maintenance staff to use recognized standards to carry out maintenance activities. For example, the Division uses the National Building Code, fire codes, and electrical codes.

Maintenance staff receive regular professional development when required (e.g., fall protection awareness, aerial work platforms safety), and new staff also receive on-the-job training from qualified staff in the Facilities Department.

Periodically, it engages experts, with suitable expertise, to carry out specialized maintenance activities (e.g., inspection of boilers, fire sprinkler systems, fire alarm systems, fire extinguishers).

4.3.2 Not All Maintenance Activities Tracked in Maintenance System

Consistent with its immediate priority and its overall service objective, Prairie Spirit focused its facilities maintenance on health and safety issues. Prairie Spirit has approximately 3,000 facilities and components identified within its Maintenance System.

As illustrated by **Figure 8**, documented maintenance work of the Facilities Department focused primarily on responding to service requests. Service requests fix problems that have occurred (reactive maintenance).

For the 12-month period ended November 30, 2015, the Division had over 3,100 service requests, with the majority completed by November 30, 2015. Over the same period, it documented within its Maintenance System about 100 preventative maintenance tasks, and managed 7 capital or preventative maintenance and renewal plan projects.

Figure 8—Maintenance Activities for 12-Month Period Ended November 30, 2015 as compared to 2014

Description	2015			2014
	Completed	Outstanding	Total	Total
Service Requests (i.e., reactive maintenance)	2,586	585	3,171	2,838
Preventative Maintenance Tasks	[A]	[A]	99	99
Projects (i.e., capital, PMR[B])	3	4	7	14

Source: Prairie Spirit Maintenance System.

[A] As described in **Section 4.1.3**, Prairie Spirit does not track the completion of preventative maintenance tasks in the system.

[B] PMR projects are those projects identified within Prairie Spirit's Preventative Maintenance and Renewal Plan.

We found Prairie Spirit used the results of its 2014-15 roofing and structural integrity assessments to guide its facility management and certain maintenance activities. For example, based on the results and recommendations included in the Structural Restoration Report, it hired the engineering firm to commence inspections of specific schools in 2014 on an ongoing basis following heavy or wet snowfalls. The firm determines whether structural deterioration has progressed beyond acceptable limits.

The Division also, as recommended by the engineering firm, closed areas in schools and constructed temporary supports to ensure these areas were safe for students and staff. Temporary supports include the installation of wooden reinforcements to support existing structures until permanent repairs can occur. At November 30, 2015, to maintain the safety of staff and students, the Division had closed areas or installed temporary supports in 8 of the 15 high-risk schools.

For 42 service requests (i.e., reactive maintenance – issues identified by school staff) we examined, staff documented the completion of service requests in the Maintenance System. We found that staff completed the service requests in a timely manner, and kept the status (i.e., pending, work in progress, closed) of these requests in the maintenance system up to date. We also observed evidence that Facilities staff completed the maintenance as indicated in the service requests (e.g., repaired plumbing issues identified by school staff).

For 20 preventative maintenance tasks we examined, we found Prairie Spirit received, as it expected, inspection reports from contractors performing maintenance tasks of key components (e.g., inspection of boilers, seasonal maintenance of fire sprinkler systems). We also found staff did not enter or track the results of this maintenance in its Maintenance System.

For other expected preventative maintenance of key components such as inspections of air handling units and furnaces, we found the Division uses contractors to carry out this work. In common with its other preventative maintenance, it does not enter or track the results of this maintenance in its Maintenance System.

Management indicated that the information within its Maintenance System was not updated due to a lack of sufficient staff resources. At the time of the audit, the Facilities Department was training a member of its staff to become a building operator, with the expectation that he will be responsible for improving the Division's preventative maintenance program.

Lack of processes to track maintenance completed and when reduces the ability to readily monitor maintenance activities. This is particularly important in that maintenance occurs at over 35 facilities located throughout the Division. Not updating information on completed maintenance may result in inefficient use of resources (e.g., conducting inspections more frequently than required, unnecessary travel).

5. **We recommend that Prairie Spirit School Division No. 206 track maintenance completed on facilities and significant components.**

4.4 Better Information to Monitor Maintenance Needed

We expected Prairie Spirit to analyze the progress in carrying out its planned maintenance and take action as needed to meet its objectives. We expected it to periodically report about this progress to senior management, the Board, the Ministry, and the public.

We expected the periodic maintenance reports to be complete, accurate, and appropriately supported.

4.4.1 Reporting Focuses Primarily on Key Maintenance Projects

Prairie Spirit does not provide its staff with written guidance on what maintenance information to analyze and report, and how frequently. Regardless, senior management, the Ministry, the public, and the Board routinely receive some information about the Division's maintenance. However, this information focuses mainly on maintenance projects underway or anticipated, as opposed to reporting on whether the Division has focused its maintenance resources on the highest priority areas, and has eliminated or reduced the need for, and the extent of major repairs in the future.

We found:

- School principals or their staff use information in the Maintenance System to monitor the status of service requests related to their school, and receive updates from the Facilities Department upon request.

- Maintenance staff meet with the Facilities Planner each week to discuss the status of maintenance work underway or anticipated, and obtain guidance on priorities. Facilities staff, using the Maintenance System, monitor the number of service requests, and timeliness of completion. As previously noted in **Section 4.1.1**, the Maintenance System does not contain complete information about the status or condition of the Division's facilities and their components.

- The Director of Education and the Facilities Planner meet at least once per month to discuss the general status of ongoing maintenance projects, as well as related issues (e.g., sufficiency of resources, potential sources of funding, maintenance staff turnover or changes).

- Prairie Spirit gave the Ministry the results of roofing and structural integrity assessments to support requests for additional funding, and to assist the Ministry in understanding the Division's immediate maintenance needs (see **Figure 6** and **Figure 7**).

- Prairie Spirit uses the Division's annual report, allows the public to attend its board meetings, and posts information on its website to advise the public of issues or concerns related to the condition of its schools. Its 2014-15 annual report includes reasons for differences between actual annual maintenance expenses and budgeted expenses, and the number of facilities and their average age.

In addition to documents primarily related to requests for maintenance and capital funding as set out in **Figure 7**, the Board receives the following reports as part of its Board meeting materials. In 2014-15, the Board received each of the reports in advance of their Board meetings to allow time to review and consider the reports prior to the meetings.

- Capital Project Updates - These are provided about three to four times a year. They use a consistent format. They include a brief status of key activities for projects grouped under headings that align with funding categories it receives from the Ministry (i.e., major capital projects, PMR projects, emergent projects) along with portable classroom projects, and the Ministry-managed P3 projects. They include a bit more detail for major capital projects (i.e., key activities, schedule, and indicate if the project budget is within the Ministry budget allocation for the Division). They do not include financial information (e.g., budget, actual costs to date, forecasted costs to complete) or percentage of completion.

- Quarterly financial information – This includes a comparison of current year-to-date actual plant expenses as compared to budget and prior year actual, along with a breakdown of key components of plant expenses (e.g., salaries, benefits, building operating expenses, professional development, amortization). The report does not include reasons for differences between planned and actual costs, and the estimated forecast for the year.

- Information reports on the results of roof condition assessments and structural integrity assessments. As previously noted in **Section 4.1.4**, management prepared these reports in December 2014. They provided high-level summaries of the condition of school roofs, and structural condition of 15 high-risk schools along with estimated costs to repair.

Management and members of the Board indicated that they had robust discussions about potential options and strategies to address identified roof and structural deficiencies.

Because the Division does not have an overall maintenance plan, and the information in its Maintenance System is not complete, most of the information the Board receives relates to projects underway or in the near future.

The Board did not receive reports that compared planned maintenance activities, or planned project costs to actual results. It did not receive information on the trends in the number of service requests, or percentage of requests not yet completed.

Also, information it received on the condition of the Division's facilities and their significant components was incomplete. By November 2015, neither management nor the Board had determined whether the results of the 2014 roofing assessment and structural integrity assessment of 15 of its 35 schools represent the bulk of the Division's deferred maintenance.

Without complete information, the Board is unable to evaluate whether completed maintenance is sufficient or done in a timely manner. Without knowing the full extent of deferred maintenance, the Board cannot make informed decisions regarding the resources needed to maintain or improve the condition of its facilities over the medium and long term. It does not know the impact of delaying maintenance today on health and safety or future costs, and whether it is focusing its maintenance efforts in the right areas.

Without sufficient analysis and reporting of maintenance results, stakeholders (e.g., management, Board, Ministry, public) cannot assess if effective maintenance of facilities and components is occurring or if maintenance funding is sufficient and efficiently used.

6. **We recommend that Prairie Spirit School Division No. 206 provide its Board with periodic comprehensive maintenance reports (e.g., condition of facilities, timely completion of maintenance, deferred maintenance and its anticipated impact) to inform decision-making.**

4.4.2 Documentation to Support Estimated Repair Costs Not Kept

When we examined the information included in the reports provided to the Board, we found that, other than large cost estimates included in the Structural Restoration Report prepared by management, the reports, while brief, were consistent with supporting information.

The Structural Restoration Report given to the Board in December 2014 included estimated costs of $12.7 million to repair identified structural deficiencies in schools. Management updated the cost estimates in January 2015. At this time, it gave the Ministry a report on structural issues, including updated estimated costs of $22.6 million. As noted in **Section 4.1.4**, management indicated that they gave the Board a verbal update in January 2015. They gave the Board a written report on updated cost estimates in December 2015.

Management based the January 2015 cost estimates on internally-prepared cost estimates made by the Facilities Department totalling $19.2 million, and on estimates made by a structural engineering firm totalling $3.4 million. Management said that the internally-prepared cost estimates related to costs that were in addition to the engineer-identified structural repairs (e.g., removal and reinstallation of ceilings, mechanical and electrical components), as well to architectural and roofing costs directly associated with the structural repairs.

Prairie Spirit did not keep written documentation to support approximately $13 million of the $19.2 million of internally-prepared cost estimates. As such, management could not have reviewed their accuracy and reasonableness prior to including them in reports to the Board or the Ministry.

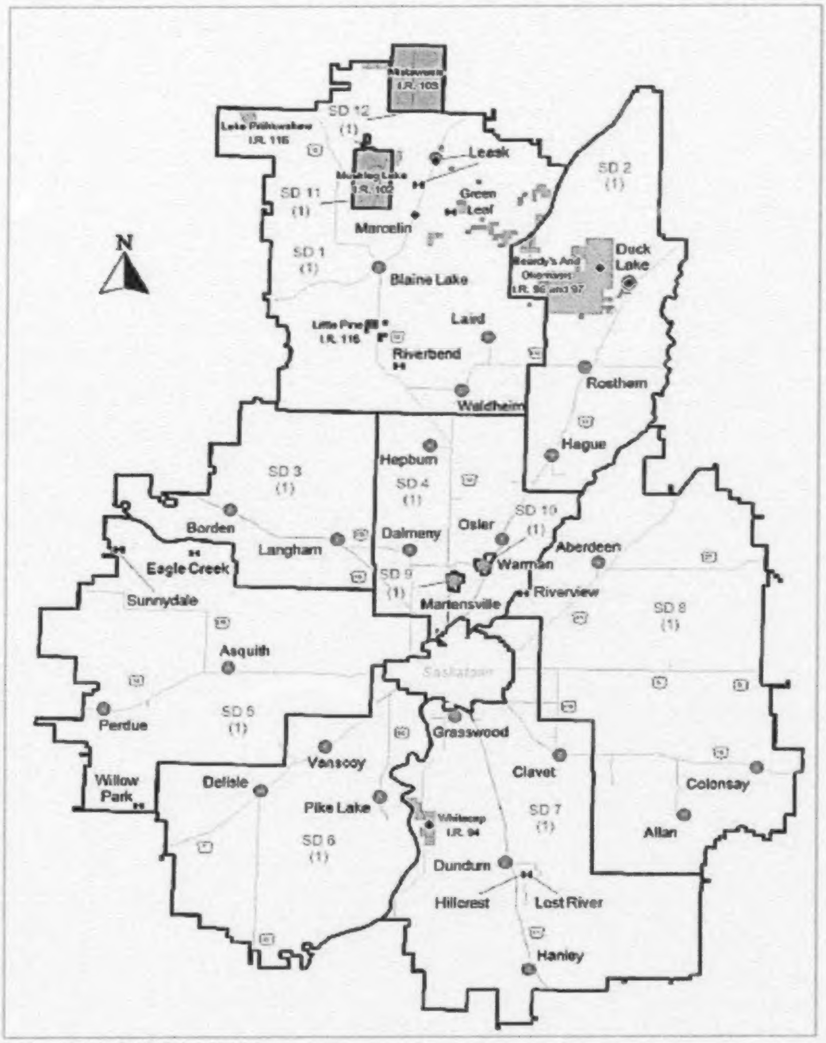
Without supporting documentation, we could not assess the estimates' reasonableness. When discussing these estimates with Facilities Department staff, we noted that about $2 million of the $13 million internally-prepared estimate was mistakenly double-counted, that is $2 million of estimated costs was included in both the Structural Restoration Report and the Roofing System Report for the same repairs.

Preparation and retention of documentation to support internally-prepared estimates and review of these estimates could have helped management identify this oversight. Also, properly supported cost estimates enable management to assess the appropriateness and accuracy of estimates prior to including them in reports. Lack of adequate documentation to support estimates and their review increases the risk of providing inaccurate and incomplete information upon which stakeholders may base decisions.

7. **We recommend that Prairie Spirit School Division No. 206 require estimated maintenance costs be reviewed against supporting information for reasonableness by someone other than the preparer of the estimates.**

5.0 EXHIBITS

5.1 Map of Schools in Prairie Spirit


N
Mistawasis
I.R. 103
SD 12
(1)
I.R. 116
Leask
Muskeg Lake
I.R. 102
Green
Leaf
SD 11
(1)
Marcelin
SD 2
(1)
SD 1
(1)
Duck
Lake
Beardy's And
Okemasis
I.R. 96 and 97
Blaine Lake
Little Pine
I.R. 116
Laird
Riverbend
Rosthern
Waldheim
Hague
Hepburn
SD 4
(1)
SD 3
(1)
Borden
Langham
Dalmeny
Osler
SD 10
(1)
Aberdeen
Eagle Creek
SD 9
(1)
Warman
Martensville
Riverview
Sunnydale
SD 8
(1)
Asquith
Saskatoon
Perdue
SD 5
(1)
Grasswood
Vanscoy
Clavet
Colonsay
Willow
Park
Delisle
Pike Lake
Whitecap
I.R. 94
SD 7
(1)
Allan
SD 6
(1)
Dundurn
Hillcrest
Lost River
Hanley

Source: Prairie Spirit School Division.

5.2 Facilities in Prairie Spirit by Year Built

Facility[A]	Year Built[B]	Enrolment at Sept. 2015	Need for Roofing Repair Identified in 2014[C]	Structural Deficiencies Identified in 2014[D]
Hepburn School	1927	270	Yes	No
Allan Composite School	1954	181	Yes	Yes
Blaine Lake Composite School	1954	162	No	Yes
Laird School	1957	73	Yes	Yes
Lord Asquith School	1957	253	Yes	No
Aberdeen Composite School	1959	333	Yes	Yes
Leask Community School	1960	174	Yes	Yes
Osler School	1960	288	Yes	No
Dalmeny High School	1961	228	Yes	Yes
Rosthern High School	1961	178	Yes	Yes
Hanley School	1961	231	No	Yes
Clavet Composite School	1962	644	Yes	Yes
Walter W. Brown School	1962	158	Yes	No
Borden School	1964	94	Yes	Yes
Colonsay School	1964	125	Yes	Yes
Delisle Composite School	1964	238	Yes	Yes
Perdue School	1964	144	Yes	No
Waldheim School	1964	312	Yes	No
Hague High School	1968	175	Yes	Yes
Rosthern Elementary School	1968	184	Yes	Yes
Delisle Elementary School	1970	191	Yes	No
Langham Elementary School	1970	177	Yes	No
Warman High School	1975	745	Yes	No
Prairie View School	1976	262	Yes	No
Dundurn School	1979	168	Yes	No
South Corman Park School	1979	111	Yes	No
Warman Elementary School	1980	736	Yes	No
Vanscoy School	1981	154	No	No
Martensville High School	1982	420	Yes	No
Valley Manor Elementary School	1983	752	Yes	No
Hague Elementary School	1984	248	Yes	Yes

Facility[A]	Year Built[B]	Enrolment at Sept. 2015	Need for Roofing Repair Identified in 2014[C]	Structural Deficiencies Identified in 2014[D]
Pike Lake School	1990	25	No	No
Venture Heights Elementary	1990	658	Yes	No
School Division Office	2008	NA	No	No
School Services Building	2009	NA	No	No
Stobart Community School	2012	366	No	No
Warman Community Middle School	2013	608	No	No
Bus Garage	NA[E]	NA	No	No

Source: Maintenance System (21 October 2015), adapted from information provided by Prairie Spirit School Division.

[A] Colony schools and Valley Christian Academy are not owned by Prairie Spirit, so are not included in this list.

[B] Prairie Spirit does not track years of renovation in its Maintenance System.

[C] Based on comprehensive roofing assessment conducted by an expert, as of December 2014. These schools have sections of their roofs with a remaining service life of 0 – 4 years.

[D] Based on comprehensive structural assessments conducted by an engineering firm, at January 2015.

[E] The Maintenance System does not include information regarding the year that the bus garage was built.

6.0 GLOSSARY

Deferred Maintenance – work that has been postponed or phased for future action.

Facility Conditions Index (FCI) – the amount of deferred maintenance divided by the current replacement value (CRV).

Maintenance – the process of keeping existing facilities in good condition to meet service objectives.

Preventative Maintenance – repairs and inspections intended to assist in systematic correction of emerging failures before they occur or before they develop into major defects.

Reactive Maintenance – repairs that are in response to service requests and are completed as issues arise.

Service Objectives – the intended purpose of a facility over a specified service life plan.

7.0 SELECTED REFERENCES

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Chapter 13
Regina School Division No. 4—Promoting Positive Student Behaviour

1.0 MAIN POINTS

Promoting positive student behaviour, and addressing problem behaviour, facilitates student success at school and provides a safe learning environment. All school divisions have a responsibility for promoting positive student behaviour at schools.

This chapter sets out the results of our second audit of processes for promoting positive student behaviour at school. Our first audit focused on South East Cornerstone School Division No. 209, a large rural-urban school division. This audit focused on Regina School Division No. 4 (Regina Public or Division), one of Saskatchewan's largest urban school divisions.

Regina Public had, other than in the following areas, effective processes for promoting positive student behaviour at school. It needs to do the following:

- Keep consistent and accessible documentation of key discussions, decisions, and steps taken to support positive student behaviour. Such documentation would assist in monitoring steps taken to support positive student behaviour, and help avoid repeating intervention strategies found ineffective for students who transfer between schools.
- Communicate training expectations for initiatives to promote positive student behaviour, and require information on staff trained in key initiatives be made readily available at schools. This would help make sure the Division has a sufficient number of trained school administrators and staff available, and such personnel are readily identifiable at each school to support students and respond to high-risk situations.
- Track and report to its Board of Education the success of key initiatives to promote positive student behaviour. Such information would enable the Division to determine if initiatives are making a difference.

2.0 INTRODUCTION

Student behaviour influences the extent and quality of education that students receive. Positive student behaviour creates a safe, inclusive, and accepting school environment for learning and contributes to student success.[1] The success of students can have a significant impact on our society and economy. Poor behaviour can contribute to students leaving school before graduating from Grade 12 or without obtaining marks that could assist them in obtaining further education or finding employment.[2]

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[1] www.edu.gov.on.ca/eng/parents/safeschools.html (16 June 2015).

[2] Auditor General of British Columbia, *Fostering a Safe Learning Environment: How the British Columbia Public School System is Doing*, (2001), p. 19.

Regina School Division No. 4 is one of the largest urban school divisions in Saskatchewan with about 21,000 students and 50 schools – 41 elementary schools and 9 high schools. Six of the elementary schools and two of the high schools offer French Immersion programs. The Division has seen a 4% increase in its enrolment from 2011 to 2014.[3]

3.0 BACKGROUND

3.1 Legislated Responsibilities for Student Behaviour

The Education Act, 1995 (Act) (s85(1)) assigns boards of education (school boards) responsibility for administration and management of schools, with oversight from the Ministry of Education (Ministry). The Act makes school boards responsible for exercising general supervision and control over the schools in the school division. School boards approve administrative procedures pertaining to the internal organization, management, and supervision of schools.

The Act (s150 and 151) establishes the duties and accountability of students, including regular attendance, observing behaviour standards set by the school board, conforming to board-approved school rules, and respecting discipline exercised by the school. Students are accountable to teachers and principals for their conduct when at school or while engaged in school activities (e.g., extracurricular activities).

Under the Act (s152 to 155), all students are subject to the general discipline of a school, and school boards have specific disciplinary responsibilities for both investigating and treating problems between a student and a school. The Act gives principals and school boards the power to suspend and expel students. The Act (s178) sets out processes to address behaviour of students assessed as having intensive needs.[4]

The Act (s156 to 161) expects regular school attendance of all students of compulsory age (i.e., between the ages of 6 and 16 years), and defines permitted exceptions (e.g., illness, travelling). It requires school boards to appoint a local attendance counsellor responsible for monitoring student attendance, and implementing school board attendance procedures (e.g., conducting investigations concerning attendance problems, reporting to principals and parents concerning investigations).

3.2 Education Sector and Board Expectations Related to Student Behaviour

In 2013, the Ministry of Education established a sector-wide strategic plan for Prekindergarten-Grade 12, called the *Education Sector Strategic Plan* (ESSP). The ESSP includes the following strategic intent statements that relate to student behaviour:

- I am ready to learn: I am safe, healthy and hopeful

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[3] *Regina School Division No. 4 of Saskatchewan Annual Report 2013-14*, pp. 12-13.

[4] Section 178 of the Act defines a student with intensive needs as a student assessed by the board of education as having a capacity to learn that is compromised by a cognitive, social-emotional, behavioural or physical condition.

- I am valued: I have a voice and am supported in my ways of learning
- I belong: I contribute, am respected and respectful[5]

The *Regina Public Schools Strategic Plan: 2014-2017* states that Regina Public adheres to the ESSP. It describes the mission statement of Regina Public: "To instill the value of knowledge, the dignity of effort and the worth of the individual." The Strategic Plan also describes Regina Public's shared values: "I belong, I am responsible, I respect, and I want to know."[6] In the Strategic Plan, the Division has identified goals of providing supports and interventions to address students' learning and behavioural needs.[7]

Promoting positive student behaviour and addressing problem behaviour are vitally important in encouraging student success and providing a safe and productive learning environment. Effective implementation of initiatives to promote positive student behaviour can limit circumstances where disciplinary measures are necessary.

4.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit is to assess the effectiveness of the processes used by Regina School Division No. 4 to promote positive student behaviour at school for the 12-month period ending November 30, 2015.

For this audit, positive student behaviour means behaviour that is consistent with the educational goals of attending school and demonstrates respect, responsibility, and readiness to learn. At school includes school-sanctioned activities (e.g., school sports or trips). This audit did not include examining physical safety of students and staff at schools.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Regina Public's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Management agreed with the criteria (see **Figure 1**).

Figure 1—Audit Criteria

1. **Establish requirements for acceptable student behaviour**
    1.1 Set policies for acceptable student behaviour and promotion of positive student behaviour (i.e., code of conduct, policies for attendance and discipline)
    1.2 Align requirements with legislation
    1.3 Communicate requirements to school administrators, teachers, students, parents, and stakeholders
2. **Use key initiatives to promote positive student behaviour**
    2.1 Select positive student behaviour initiatives that align with division requirements
    2.2 Provide training for promoting positive student behaviour to school administrators, teachers, parents, and stakeholders
    2.3 Implement initiatives
3. **Address disruptive behaviour**
    3.1 Identify disruptive behaviour
    3.2 Take action to address identified problems in accordance with requirements
    3.3 Monitor and review the effectiveness of the actions taken

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[5] www.education.gov.sk.ca/educations-strategic-sector-plan-matrix-2014-2020 (16 June 2015).
[6] www.rbe.sk.ca/sites/default/files/pages/files/rps_strategic_plan_2014-2017.pdf, p. 1 (16 June 2015).
[7] *Regina Public Schools Strategic Plan 2014-2017*, pp. 9 and 16.

4. Monitor effectiveness of initiatives and actions taken
  4.1 Assess key success factors of initiatives and actions (e.g., indicators)
  4.2 Measure results
  4.3 Adjust initiatives and actions as required
  4.4 Report on results

We concluded for the 12-month period ended November 30, 2015, Regina School Division No. 4 had, other than in the following areas, effective processes to promote positive student behaviour at school. Regina School Division No. 4 needs to:

- **Require consistent, accessible documentation of key discussions, decisions, and steps taken to support positive student behaviour**
- **Communicate training expectations for initiatives to promote positive student behaviour**
- **Require principals to make available, at schools, information on staff trained in key initiatives to support positive student behaviour**
- **Track and report to its Board of Education the success of its key initiatives to promote positive student behaviour.**

In addition, Regina School Division No. 4 needs to review and update its policies on a regular basis as its policy expects.

5.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations) and our key findings along with related recommendations. For clarity, when we refer to school administrators, we mean principals and vice-principals. When we refer to school staff, we mean teachers, counsellors, educational psychologists, occupational therapists, and support staff.

5.1 Establish Requirements for Acceptable Student Behaviour

We expected that Regina Public would have processes for setting expectations for student behaviour that are in line with both legislation and its policies or administrative procedures. It would have documented policies and procedures regarding the communication of consistent behavioural expectations. The Division would communicate the expectations for student behaviour to students, staff, and parents in a consistent manner.

Regina Public established requirements for acceptable student behaviour within its administrative procedures (e.g., *Shared Expectations, Attendance of Students, Discipline*). Regina Public posts its administrative procedures addressing student behaviour on the Division website. Its procedures for student behaviour, discipline, and attendance were clear, aligned with the relevant requirements included in *The Education Act, 1995*, and included behaviour expectations and responsibilities for students, parents and teachers (e.g., *Shared Expectations* procedure).

While Regina Public had an administrative procedure requiring that the Division conduct a regular review of its administrative procedures, we found it did not do so. Seven of its nine administrative procedures related to student behaviour were last reviewed four or more years ago (i.e., one was last reviewed four years ago, six were last reviewed eight years ago). Periodically reviewing administrative procedures (for example, every three to four years) helps ensure their continuing relevance and applicability.

1. **We recommend that Regina School Division No. 4 review and update policies (administrative procedures) on a regular basis as its policy expects.**

Regina Public used orientation days, weekly newsletters, and monthly meetings to communicate key administrative procedures and changes to principals. Superintendents of the Division also had regular contact with principals of schools they oversee. At November 2015, the Division allocated oversight of its 50 schools between four superintendents.

Regina Public used staff meetings to communicate *Shared Expectations* and other administrative procedures to school staff, school administrators, and teachers. It held meetings regularly (e.g., weekly, bi-weekly, or monthly). We observed that meeting agendas included discussions of student behaviour.

Each school in Regina Public had a website for school administrators and staff to post information about the school, such as contact information, upcoming events, programs and services offered, student agendas, and newsletters. The school websites included a link to the Division's website. Even though schools did not consistently post expectations regarding student behaviour on their websites, the Division did. We also observed posters in schools, and information about behavioural expectations in student agendas provided to students.

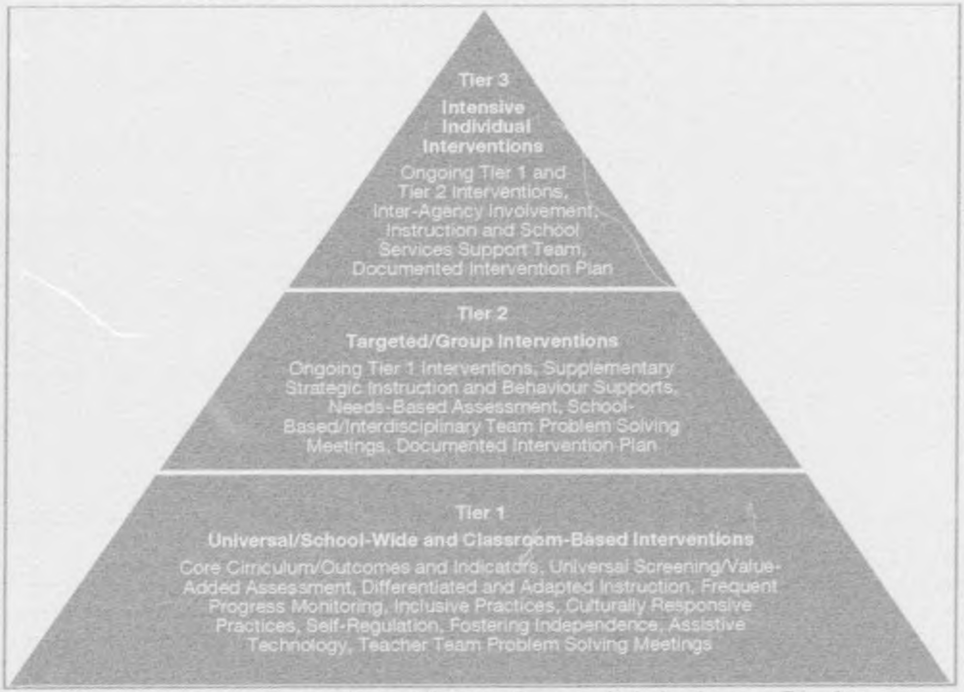
5.2 Use Key Initiatives to Promote Positive Student Behaviour

5.2.1 Initiatives Align With Division Requirements

We expected Regina Public would have processes to select positive student behaviour initiatives that align with Division requirements. We expected schools would implement initiatives in accordance with Division guidance.

Regina Public uses an approach for addressing student behaviour and other issues called Intervention First. As shown in **Figure 2**, the approach included three escalating tiers of initiatives and supports progressing from school-wide and classroom-based initiatives to interventions specific to an individual student. The approach also combines collaborative problem solving, with both family and community involvement.

Figure 2—Intervention First – Pyramid of Supports


Tier 3
Intensive Individual Interventions
Ongoing Tier 1 and Tier 2 Interventions, Inter-Agency Involvement, Instruction and School Services Support Team, Documented Intervention Plan
Tier 2
Targeted/Group Interventions
Ongoing Tier 1 Interventions, Supplementary Strategic Instruction and Behaviour Supports, Needs-Based Assessment, School-Based/Interdisciplinary Team Problem Solving Meetings, Documented Intervention Plan
Tier 1
Universal/School-Wide and Classroom-Based Interventions
Core Cirriculum/Outcomes and Indicators, Universal Screening/Value-Added Assessment, Differentiated and Adapted Instruction, Frequent Progress Monitoring, Inclusive Practices, Culturally Responsive Practices, Self-Regulation, Fostering Independence, Assistive Technology, Teacher Team Problem Solving Meetings

Source: Adapted from Intervention First model for providing student learning and behavioural supports. Taken from www.rbe.sk.ca/intervention_first (accessed 23 June 2015).

Within the Intervention First approach, Regina Public used numerous initiatives to promote positive student behaviour. Regina Public encouraged school administrators, staff, and teachers to bring forward ideas and approaches for use at their school. School administrators noted that they discussed school-identified initiatives with Division superintendents prior to implementation. In some instances, the Division piloted initiatives in one school before implementing them elsewhere in the Division (e.g., Friends for Life, Playground Conflict Managers Program).

Regina Public assigned responsibility for rolling out initiatives to its four superintendents. It gave school administrators and staff some autonomy to implement Division-endorsed initiatives that meet the specific needs of its students. School administrators indicated they sought the advice of individuals in the school with relevant expertise (e.g., occupational therapists, counsellors, learning resource teachers), and, depending on the initiative, assigned them more responsibility for implementation.

The initiatives in use varied between schools. The Division endorsed both system-wide initiatives (i.e., used in all schools) and smaller-scale initiatives (e.g., Quiet High/Elementary, Structured Learning Classroom). **Figure 3** provides examples of key behaviour initiatives in place.

Figure 3—Examples of Regina Public's Behaviour Initiatives

Circle of Courage is a model of positive student development based on the principles of belonging, mastery, independence, and generosity.

Zones of Regulation teaches students to become more aware of, and independent in, controlling their emotions and impulses, managing their sensory needs, and improving their ability to problem solve conflicts.

Friends for Life Program is aimed at helping students deal with stress and anxiety.

Playground Conflict Managers Program trains students to help younger students resolve conflicts.

High School Advisory Program provides students in high schools with a dedicated 15-minute period each day with their advisory teacher. The student has the same advisory teacher each year they are in high school. Part of the role of the advisory teacher is to form a strong mentorship bond with the student, as well as monitoring the student's academic progress and attendance.

Mandt Training (non-violence crisis intervention) for school staff is a comprehensive, integrated approach to preventing, de-escalating, and if necessary, intervening when the behaviour of an individual poses a threat of harm to themselves and/or others.

Violence Threat Risk Assessment (**VTRA)** helps school staff identify behaviour and responses where there is a threat or risk of injury to the student or those around them. This assessment also collects data on details of incidents and records information on future risk and courses of action.

Intervention First is a model for providing student learning and behavioral supports and interventions. It includes an integrated and multi-tiered approach involving collaborative problem-solving. It also includes students, families, teachers, administrators, professional support staff (e.g., counsellors, educational psychologists, occupational therapists, learning resource teachers, etc.), and other community and interagency personnel. Students are classified into Tier 1 (Universal/School-Wide and Classroom-Based Interventions), Tier 2 (Targeted/Group Interventions) and Tier 3 (Intensive Individual Interventions) based on their level of need.

Structured Learning Classroom (SLC) is a program designed for students with severe social, emotional, and behavioural challenges that interfere with a student's academic achievement. SLC focuses on helping students effectively manage their emotions and behaviours so that they can return to the regular classroom.

Quiet High/Elementary is a program for students with disorders such as anxiety and depression that significantly affect their ability to cope in a regular classroom setting.

Source: Adapted from information provided by Regina Public.

In addition as shown in **Figure 4**, it carried out certain initiatives with partner organizations (e.g., YMCA, Regina Police Service).

Figure 4—Partnerships

School Resource Officer Program is a partnership with the Regina Police Service (RPS). Under this program, the Division provides the RPS School Resource Officers (SROs) with dedicated office space in each of the Regina high schools. Duties include participation in classroom discussions and assemblies, prevention of crime through close contact with students, interpreting law and assisting students with legal problems, etc.

RespectED program is a partnership with the Red Cross and Regina Police Service aimed at targeting and reducing bullying (physical, verbal, relational, cyberbullying) within schools.

Alternative to Suspension Program is a partnership with the YMCA designed to ensure time spent away from school is an overall success. Students are supervised, are required to stay up-to-date on their schoolwork, and have time to reflect to change their attitudes toward school and turn their suspension into a positive experience.

TRiP (Regina Inter-sectoral Partnership) is an inter-agency partnership (e.g., police, Ministry of Social Services, Health Region) designed to provide supports to students and their families with elevated risks. The goal of the program is to identify risk factors early, and through utilization of targeted intervention, eliminate these risks before they become bigger problems.

Youth in Custody Program is a partnership with the Ministry of Justice (Corrections and Policing) to support the education of youth released from custody to transition back into the school system.

Source: Adapted from information provided by Regina Public.

5.2.2 Clarification of Training Requirements Needed

We expected Regina Public would identify training to school staff on both promoting positive student behaviour, and responding to incidents as they occur in schools. We expected Regina Public would centrally maintain staff training records, and individual schools would formally identify their staff with behavioural expertise.

Regina Public maintained certain professional development records centrally in a system called PD Place. This system was designed to allow administrators and teachers to request and record professional development.

Regina Public centrally coordinated training on certain division-wide behaviour initiatives such as RespectED, Mandt Training, and Violence Threat Risk Assessment (VTRA). It made some training mandatory (e.g., VTRA) requiring all principals, vice principals, and counsellors to attend. For optional areas of training, the Division asked principals to identify individuals to attend training when available.

The principals in the schools we visited did not have a consistent or correct understanding as to what Regina Public training was mandatory. Some principals mentioned that Mandt Training was mandatory, while others thought RespectED was mandatory. Both were not. Those principals found communications on mandatory training unclear.

Also, Regina Public did not set a minimum number of school administrators and staff to train within each school on key behavioural initiatives, or give principals guidance on determining the necessary number of trained staff for their school so that schools have sufficient expertise in these areas. For example, guidance could set out considerations such as the number of students requiring supports, the nature and extent of behavioural challenges and what training administrators and staff would require to support the unique needs of each school.

Not clearly documenting which training is mandatory, and for whom, increases the risk that school administrators and staff may not receive training at appropriate times. Not having a sufficient number of trained school administrators and staff available, or not readily identifiable (e.g., standard location for a listing of staff trained in specific areas) at each school increases the risk that skills required to support students and respond to high-risk situations[8] may not be available.

2. **We recommend that Regina School Division No. 4 communicate to school administrators and staff, in writing, training expectations for initiatives to promote and support positive student behaviour.**

3. **We recommend that Regina School Division No. 4 require principals to make readily available, at schools, information on administrators and staff trained in key initiatives to promote and support positive student behaviour.**

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[8] High-risk refers to situations where student and staff safety is at risk (e.g., fights, weapons).

5.3 Address Disruptive Behaviour

5.3.1 Consistent Documentation on Student Behaviour Needed

We expected that Regina Public would have processes and mechanisms to consistently identify and address disruptive student behaviour. This would include escalation processes to address such behaviour. We also expected the Division would document instances and key actions taken to address problem student behaviour and adjust processes as necessary.

We found that Regina Public identified disruptive student behaviour through a variety of sources (e.g., by teachers, bus drivers, staff meetings, counsellors, students, and parents). Once behaviour issues were identified, schools used several interventions or responses. These included classroom interventions, observations, counselling, parent meetings, formal behaviour plans customized to the student's needs, and collaboration with internal committees. We found internal committees and discussions regarding student behaviour included:

- Periodic (e.g., every four to six weeks) meetings of student achievement teams (comprised of school administrators, teachers, professional support staff) at elementary schools to monitor behaviour, and review individual behaviour plans and the resulting interventions

- Weekly grade meetings for Grade 9 to 12 to monitor behaviour and discuss other issues; all teachers of a particular grade attended these meetings

- Assignment of advisory teachers to students to guide and assist them from Grade 9 through Grade 12

All the schools we visited documented, on a daily basis, attendance in Regina Public's student information system called PowerSchool. We found staff in each of these schools made initial home contacts when a student was absent.

For students with chronic attendance problems, documentation of contact and communications with students and parents was inconsistent. For these students, we found schools documented some but not all contacts in PowerSchool. We found some documentation of chronic attendance problems in student report cards (contained in the student file [cumulative record]).[9] Student files we examined that related to attendance problems did not include documentation of meetings or actions taken to resolve attendance problems.

Regina Public indicated that schools look for ways to keep students in school rather than suspend them, as it finds a suspension does little to support the student's success. We found school administrators used different methods to keep students in school. For example, some called or visited students or parents in their homes. Also, the Division had partnered with the YMCA to provide the Alternative to Suspension Program. Through this program, students received supervision and assistance on keeping up to date with their schoolwork in an alternative environment. For the student files we examined, we did not note any instances of suspension or expulsion.

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[9] Cumulative record is a file that compiles information about a student from year to year that is maintained by the schools the student attends from Kindergarten to Grade 12.

Where necessary, Regina Public expected administrators, teachers, and professional support staff to collaborate in creating a formal behaviour plan for students (e.g., Impact Assessment and Inclusion and Intervention Plan).[10] Behaviour plans are Tier 2 interventions under the Intervention First approach; these plans document strategies and approaches (internal and external) to support the student. We found teachers, administrators, and staff gathered information through various methods (e.g., grade group meetings, student-achievement team meetings, notes in PowerSchool, progress reports on behaviour plans).

The Division expected staff to review behaviour plans on a regular basis; school administrators indicated they expected school staff to review most behaviour plans every four to six weeks, and update them annually. In 14 of the 30 student files we examined (that should have had behaviour plans in them), we were unable to determine whether school staff reviewed behaviour plans consistently. Staff responsible for reviewing behaviour plans did not leave evidence of their review. Documented regular review of behaviour plans helps verify approaches and interventions continue to be relevant and appropriate.

In 12 of the 30 student files we examined, we found behaviour plans were not in the files or readily accessible. For example, behaviour plans were not kept in a consistent location resulting in school administrators taking time to locate them.

Not keeping key documentation to support positive behaviour of students (e.g., behaviour plans, actions, discussions, decisions, evidence of review of plans) makes it difficult for Regina Public to follow a consistent course of action. It also makes it difficult for Regina Public to monitor steps taken to support positive student behaviour. Furthermore, when a student transfers to another school or school division, if key documentation is not readily available or easily transferred, the student may not be appropriately supported, or intervention strategies used to address problem behaviour that were found ineffective for that student may be repeated.

4. **We recommend that Regina School Division No. 4 require consistent and accessible documentation of key discussions, decisions, and steps taken to support positive student behaviour.**

Regina Public indicated it was in the process of implementing an electronic system to track and organize key information (e.g., behaviour plans, meeting notes, progress reports) on student behaviour for use in schools starting March 2016. It expects this system to interface with PowerSchool.

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[10] Impact Assessments and Inclusion and Intervention Plans (IA & IIP) are developed for students who require additional supports to aid them with their school experience. Development of an IA & IIP involves the student, their parents, teachers, administrators, counsellors, and other professional support. An IA & IIP would identify in which Tier the student falls under the Intervention First Model, and records the plans and goals for the student going forward, as well as the supports required for the student to be successful (e.g., use of psychologist or programs offered by the school and Division).

5.4 Monitor Effectiveness of Student Behaviour Initiatives and Actions Taken

5.4.1 Reporting on Overall Success of Student Behaviour Initiatives Needed

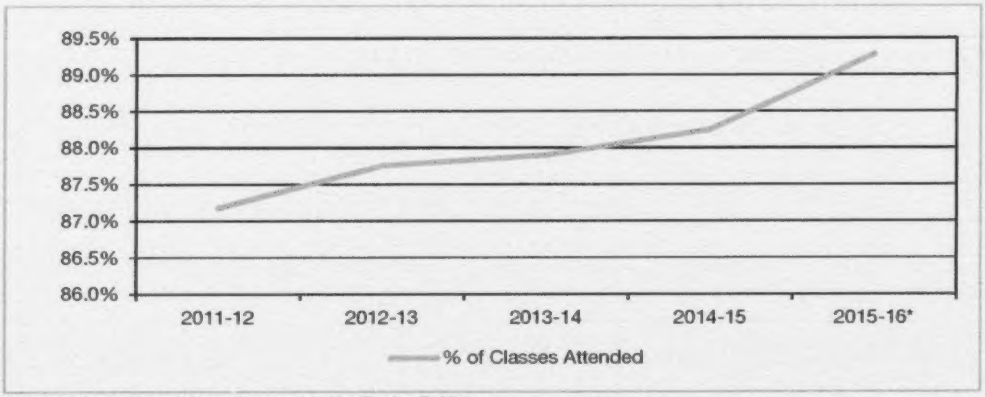
We expected Regina Public's processes would monitor the performance of key initiatives used to promote positive student behaviour. We also expected the Division and schools to adjust initiatives as required and report on results.

Other than student attendance, the Division has not identified types of data to collect to evaluate student behaviour such as incidents involving disrespect to staff, fighting, and disobedience.

Student attendance can impact graduation rates. Regina Public's Strategic Plan includes performance targets such as graduation rates (i.e., 80% graduation rate by 2017). It collects and analyzes trends in graduation rates.

The Division tracked and monitored student attendance. To improve high school attendance, the Division implemented a High School Attendance Strategy at the start of the 2015-16 school year. The strategy set out protocols for responding to attendance issues, incentives for rewarding good attendance, and supports (e.g., an attendance support program that includes individualized instruction). While the Division expected an increase in attendance in response to this strategy, it had not set out specific targets related to attendance (e.g., increase attendance by a certain percentage). Over the past five years, the Division has seen an approximate 2% increase in attendance, as shown in **Figure 5** below.

Figure 5—Annual High School Attendance—Grades 9-12



Source: Adapted from information provided by Regina Public.
*Data is for the period September 2015 to January 2016.

Without collecting additional data regarding student behaviour, Regina Public cannot identify trends to determine whether its student behaviour initiatives are successful. Such information would help it to identify areas for improvement, and make informed decisions about these initiatives. In addition, such information will enable the Division to determine if the initiatives are making a difference.

5. We recommend that Regina School Division No. 4 establish a process to track and report to its Board of Education the overall success of its initiatives to promote positive student behaviour.

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Chapter 14
Saskatchewan Cancer Agency—Delivering the Screening Program for Breast Cancer

1.0 MAIN POINTS

Under *The Cancer Agency Act*, the Saskatchewan Cancer Agency (SCA) is responsible for the planning, organization, delivery, and evaluation of cancer care services throughout Saskatchewan in collaboration with Saskatchewan's 12 regional health authorities.

As part of meeting its responsibilities, since 1990, SCA provides a systematic population-based screening program for breast cancer.

For the 12-month period ended February 29, 2016, SCA had, other than the following, effective processes to deliver its systematic population-based screening program for breast cancer. SCA needs to:

- Evaluate the success of its screening program promotional activities. This would allow SCA to assess whether these activities effectively educate the public.
- Develop a strategy to engage physicians to increase awareness of the screening program. Engaging physicians would create opportunities to increase participation in the screening program and thus, detect breast cancer earlier.
- Analyze information on difficult-to-screen populations to assess the sufficiency of strategies to reach these individuals.
- Broaden the use of key quality indicators relevant to Saskatchewan's screening program. Regular analysis of this information would allow SCA to take timely action to address areas that fall short of established benchmarks.
- Periodically report to senior management, the Board, and the public on key screening program performance information. This reporting would enable SCA to better assess the effectiveness of its screening program.

2.0 INTRODUCTION

This chapter reports the results of our audit of SCA's processes, for the period of March 1, 2015 to February 29, 2016, to deliver its systematic population-based screening program for breast cancer.

2.1 Incidence of Breast Cancer in Canada and Saskatchewan Increasing

Cancer is the leading cause of death in Canada.[1] Breast cancer-related deaths account for nearly 14% of the total number of female cancer deaths at a rate of approximately 18 deaths per 100,000 population.[2] Breast cancer is the most common form of cancer and the second leading cause of death in Canadian women.[3] In 2013, just over one-quarter of all cancers diagnosed in females were breast cancer.[4]

The number of new cancers diagnosed each year is rising in Saskatchewan and throughout Canada, a trend that SCA expects to continue.[5] The Canadian Cancer Society estimated the diagnosis of 710 new cases of breast cancer in Saskatchewan in 2015.[6] This represents an over 12% increase in new breast cancer cases since 2010.[7] The 710 new cases in 2015 accounts for about one-eighth of new cases of cancers diagnosed within Saskatchewan. In 2014-15, the cost for drugs used in the treatment of breast cancer in Saskatchewan was approximately $10.6 million.[8]

Prevention of breast cancer is currently limited since most known risk factors are not easily modifiable (i.e., not easily changed). Of the known risk factors of breast cancer, age has the strongest influence on incidence; approximately one-half of all new cases of breast cancer are among women between 50 and 69 years of age.[9]

Like Canada and other countries worldwide, Saskatchewan has an aging population. Statistics Canada reports that, by 2031, seniors will make up nearly one-quarter of Canada's entire population.[10] Given that breast cancer is more common in people over the age of 50, Saskatchewan will likely continue to see an increase in the number of new cases.[11]

Studies have shown that delivering breast cancer screening programs to this age group can reduce breast cancer deaths by as much as one third.[12]

2.2 Breast Cancer Screening Programs

Early detection programs (i.e., organized population-based screening) are one response to the increase in diagnosis of new cancers. A screening program begins with the identification of a target population (e.g., individuals within a certain age range), and has a defined end point, usually at definitive diagnosis (i.e., results of tests are known) and referral.[13]

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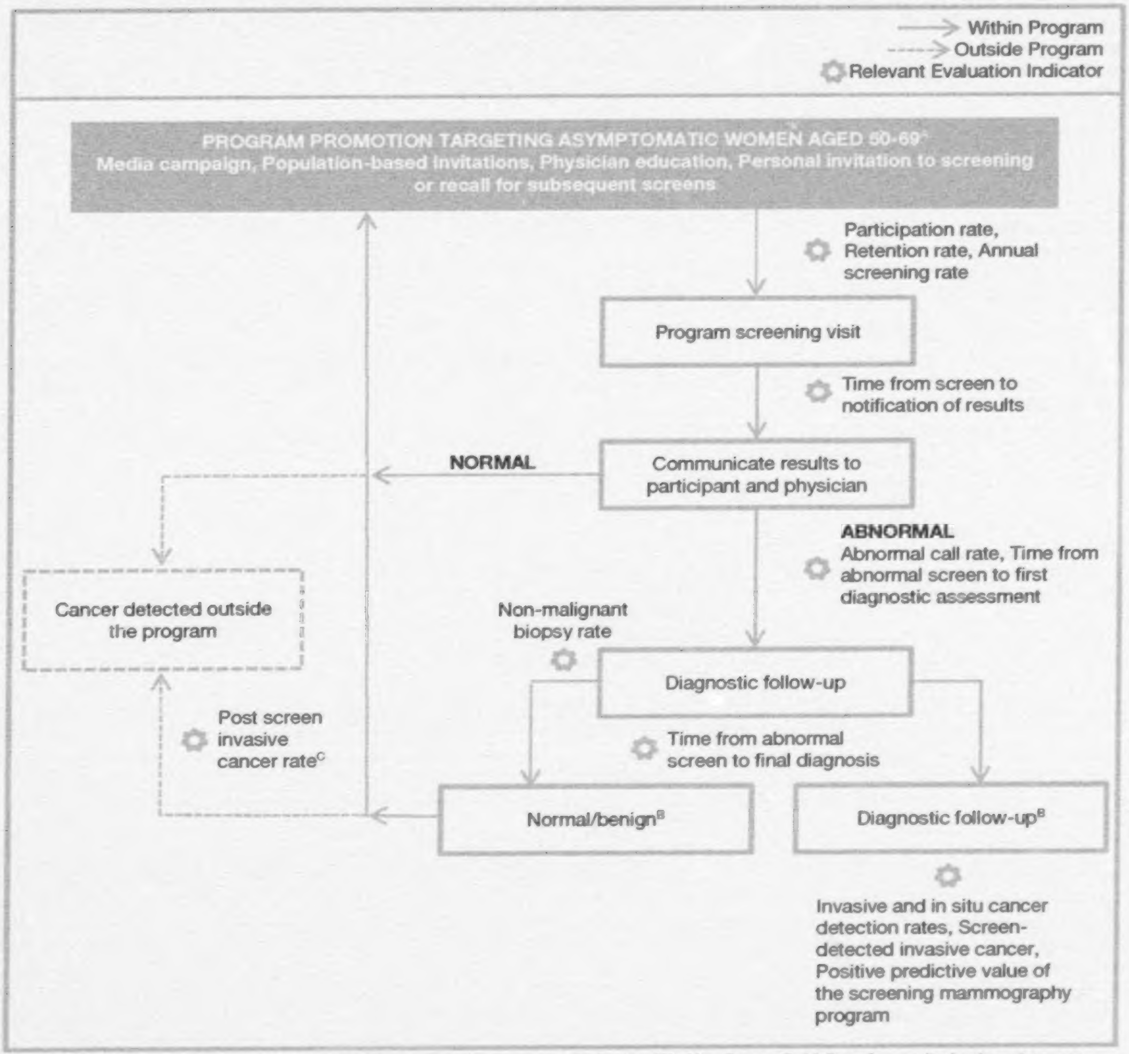
[1] www.cancer.ca/en/cancer-information/cancer-101/cancer-statistics-at-a-glance (2 March 2016).
[2] Canadian Cancer Society's Advisory Committee on Cancer Statistics, *Canadian Cancer Statistics 2015*, (2015).
[3] Canadian Partnership Against Cancer, *Organized Breast Cancer Screening Programs in Canada: Report on Program Performance in 2007 and 2008*, (2013), p. 3.
[4] www.statcan.gc.ca/daily-quotidien/160315/dq160315a-eng.pdf (18 March 2016).
[5] Saskatchewan Cancer Agency, *A Call to Action for a Cancer Prevention Plan for Saskatchewan*, (2010).
[6] Canadian Cancer Society's Advisory Committee on Cancer Statistics, *Canadian Cancer Statistics 2015*, (2015).
[7] Canadian Cancer Society's Advisory Committee on Cancer Statistics, *Canadian Cancer Statistics 2010* (2010).
[8] Information provided by SCA management. Equals approximately 19% of SCA's 2014-15 total drug cost.
[9] Canadian Partnership Against Cancer, *Organized Breast Cancer Screening Programs in Canada: Report on Program Performance in 2007 and 2008*, (2013), p. 4.
[10] Canadian Cancer Society's Advisory Committee on Cancer Statistics, *Canadian Cancer Statistics 2015*, (2015).
[11] Saskatchewan Cancer Agency, *Saskatchewan Cancer Control Report: Profiling trends in Cancer*, (2003).
[12] Canadian Partnership Against Cancer, *Organized Breast Cancer Screening Programs in Canada: Report on Program Performance in 2007 and 2008*, (2013), p. 4.
[13] Canadian Partnership Against Cancer, *Report from the Evaluation Indicators Working Group: Guidelines for Monitoring Breast Cancer Screening Program*, (2013).

Population-based screening enables detection of cancer at an early stage, when it has a high potential for cure.[14] Early detection is based on the concept that the sooner in its natural history the cancer is detected, the more likely the treatment will be effective.[15]

Figure 1 outlines the pathway of a breast cancer screening program. The pathway includes program promotion, the screening visit, communicating results to the participant and physician, and diagnostic follow-up, where required. Underlying the pathway are quality indicators to assess the effectiveness of the program at each point.

Figure 1—Pathway of a Breast Cancer Screening Program


Within Program
Outside Program
Relevant Evaluation Indicator
PROGRAM PROMOTION TARGETING ASYMPTOMATIC WOMEN AGED 50-69^A
Media campaign, Population-based invitations, Physician education, Personal invitation to screening or recall for subsequent screens
Participation rate, Retention rate, Annual screening rate
Program screening visit
Time from screen to notification of results
NORMAL
Communicate results to participant and physician
ABNORMAL
Abnormal call rate, Time from abnormal screen to first diagnostic assessment
Cancer detected outside the program
Non-malignant biopsy rate
Diagnostic follow-up
Post screen invasive cancer rate^C
Time from abnormal screen to final diagnosis
Normal/benign^B
Diagnostic follow-up^B
Invasive and in situ cancer detection rates, Screen-detected invasive cancer, Positive predictive value of the screening mammography program

Source: Canadian Partnership Against Cancer, *Report from the Evaluation Indicators Working Group: Guidelines for monitoring breast cancer screening program performance*, (2013).
[A] Some women also undergo screening (opportunistic screening or diagnostic mammograms) outside the screening program.
[B] Breast cancer screening programs obtain final diagnoses from sources such as physicians, pathology reports, and cancer registries.
[C] Cancer detected six months after a screening event are considered to be post screen cancer at the national level.

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[14] World Health Organization, *Cancer Control Knowledge into Action – WHO Guide for Effective Programs. Early Detection*, (2007).
[15] Ibid.

Substantial evidence demonstrates that screening and early detection is critical in helping to reduce deaths from breast cancer.[16] The Canadian Cancer Society reports that since the breast cancer incidence rates peaked in 1986, breast cancer screening in women, and advances in breast cancer treatment have helped avoid over 26,000 deaths in Canada.[17]

2.3 Breast Cancer Screening in Saskatchewan

SCA provides a population-based screening program for breast cancer. In 2014-15, SCA spent about $3.8 million on this program. As shown in **Figure 2**, it uses this program to encourage and inform women about the value of regular mammograms (a screening test for breast cancer) and to facilitate accessibility. The SCA Screening Program for Breast Cancer (Screening Program) recognizes that regular mammography is only one tool to detect breast cancer in women.

Figure 2—SCA's Population-Based Screening Program for Breast Cancer

- Encourages women to make an appointment for a mammogram[A]
- Informs women when they are due for their next mammogram
    - Suggests women over 50 years of age have a mammogram every two years
    - Suggests women who have a family history of breast cancer have a mammogram every year
- Provides women and their doctor with the mammogram result
- Facilitates appropriate and timely follow up when additional tests or procedures are required
- Provides a mobile bus that screens women in rural and northern communities
- Includes facilities in Regina, Saskatoon, Lloydminster, Moose Jaw, North Battleford, Prince Albert, Swift Current, and Yorkton

Source: Adapted from the SCA Screening Program for Breast Cancer brochure (www.saskcancer.ca).
[A] A mammogram is a low dose x-ray of the breast. The x-ray can find changes in the breast, even when they are too small for an individual or their doctor to see.

As shown in **Exhibit 5.0**, the Canadian Partnership Against Cancer[18] has developed 13 indicators to facilitate evaluating the quality of breast cancer screening programs—one key indicator is participation rates in the programs. It has a national target participation rate of 70%. In 2014, participation rates in Canadian breast cancer screening programs ranged from 30.7% to 60.5%.[19]

As shown in **Figure 3**, from 2012-13 to 2014-15, the participation rate in SCA's Screening Program has dropped by 6.9%; over the same three-year period, the number of mammograms completed has remained relatively stable. Screening mammograms are also performed outside of the Screening Program (i.e., opportunistic screening). For example, in 2014-15, 16,658 bilateral mammograms[20] were performed in Saskatchewan outside of SCA's Screening Program. The cost per test performed outside of SCA's Screening Program is $201 compared to $99 per screening test performed through SCA's Screening Program.[21]

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[16] Canadian Partnership Against Cancer, *Organized Breast Cancer Screening Programs in Canada: Report on Program Performance in 2007 and 2008*, (2013), p. 4.

[17] Canadian Cancer Society's Advisory Committee on Cancer Statistics, *Canadian Cancer Statistics 2015*, (2015).

[18] The Canadian Partnership Against Cancer is an independent organization funded by the federal government to accelerate action on cancer control for all Canadians. The Partnership works with cancer experts, charitable organizations, governments, cancer agencies, national health organizations, patients, survivors and others to implement Canada's cancer control strategy. www.partnershipagainstcancer.ca (15 March 2016).

[19] These participation rates are based on information provided by the Canadian Partnership Against Cancer to SCA management.

[20] This includes mammograms carried out for various purposes (e.g., screening, diagnostic).

[21] This information was provided by SCA management.

Figure 3—Participation Rates in SCA's Screening Program for Breast Cancer and Number of Mammograms from 2012-13 to 2014-15

	2012-13	2013-14	2014-15	Trend
Participation rate	46.4%	47.7%	39.5%	↓
Total number of mammograms^	36,676	39,067	38,144	→

Source: Saskatchewan Cancer Agency, *2014-15 Annual Report*.
^ Only includes mammograms performed within the SCA Screening Program.

If breast cancer is detected early, a significant number of cancer patients can be cured or have their lives prolonged. Early detection could help reduce human suffering, treatment costs, and the need for palliative care services.[22]

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of Saskatchewan Cancer Agency's processes, for the period of March 1, 2015 to February 29, 2016, to deliver its systematic population-based screening program for breast cancer.

For the purposes of the audit, population-based screening is where a test is offered systematically to all individuals in a defined target group (e.g., of the same age range, sex, shared risk factors) within a framework of agreed policy, protocols, quality management, monitoring, and evaluation. Furthermore, screening is defined as the systematic application of a screening test in a presumably asymptomatic (i.e., showing no symptoms of disease) population.[23] The screening aims to identify individuals with an abnormality suggestive of a specific cancer. The identified individuals require further investigation.[24]

Our audit did not include opportunistic screening for breast cancer. Opportunistic screening is the unsystematic application of screening tests in routine health services (e.g., an individual's physician makes a recommendation for screening). We also did not audit the interpretation of breast cancer screening test results.

We examined SCA's policies and procedures related to the Screening Program, national guidelines, statistical reports, promotional items, and other relevant documents. We also interviewed staff responsible for the Breast Cancer Screening Program. In addition, we sampled files for individuals receiving screening through the program. We worked with SCA to ensure confidentiality of patient information was respected throughout our procedures, for example, through anonymizing patient data.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the SCA's processes, we used criteria based on our related work, reviews of literature reports of other auditors, and consultations with management. SCA's management agreed with the criteria (see **Figure 4**).

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[22] Saskatchewan Cancer Agency, *Saskatchewan Cancer Control Report: Profiling trends in Cancer*, (2003).
[23] World Health Organization, *Cancer Control Knowledge into Action – WHO Guide for Effective Programs. Early Detection*, (2007).
[24] Ibid.

Figure 4—Audit Criteria

1. **Offer access to the Screening Program for Breast Cancer**
    - 1.1 Understand provincial breast cancer risk profile
    - 1.2 Identify individuals for screening
    - 1.3 Make individuals aware of screening services available
    - 1.4 Establish strategies to reach individuals for screening
2. **Deliver the Screening Program for Breast Cancer**
    - 2.1 Establish policies and procedures for providing the Screening Program that align with best practice
    - 2.2 Maintain adequately trained staff
    - 2.3 Invite individuals for screening
    - 2.4 Administer the screening test
    - 2.5 Timely follow up on abnormal test results
3. **Monitor performance related to the Breast Cancer Screening Program**
    - 3.1 Continuously align program with best practice and national benchmarks
    - 3.2 Maintain quality assurance processes (e.g., inspection of machines, chart audits)
    - 3.3 Collect key breast cancer screening performance information
    - 3.4 Assess results against breast cancer screening performance benchmarks
    - 3.5 Report key breast cancer screening performance information (senior management, Board, public)

We concluded that, for the period of March 1, 2015 to February 29, 2016, Saskatchewan Cancer Agency had, other than for the following, effective processes to deliver its systematic population-based screening program for breast cancer. Saskatchewan Cancer Agency needs to:

- **Evaluate the success of its Screening Program promotional activities**
- **Develop a strategy to engage physicians to increase awareness of the Screening Program**
- **Analyze information on difficult-to-screen populations to assess whether sufficient strategies are in place to reach these individuals for screening**
- **Broaden the use of key quality indicators relevant to Saskatchewan to regularly analyze the performance of its Screening Program**
- **Periodically report to senior management, the Board, and the public on key Screening Program performance information**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations in italics) and our key findings along with related recommendations.

4.1 Access Offered to Screening Program but Better Awareness Activities Needed

4.1.1 Target Group Identified for Screening

We expected SCA to gather information to provide an accurate picture of the provincial breast cancer risk profile (e.g., higher risk groups). We expected SCA to use an evidence-based approach for establishing a target group for screening (e.g., age range), *and identify eligible women through use of an information system. We also expected SCA to identify difficult-to-screen populations.*

SCA participates in a national committee called the Canadian Breast Cancer Screening Network, hosted by the Canadian Partnership Against Cancer (CPAC). SCA, along with all other provinces, submit screening program data (e.g., participation information, overall screening results) to CPAC. CPAC uses this data to monitor and report publicly on the impact of breast cancer screening programs nationally. SCA leverages CPAC's work to understand the Saskatchewan breast cancer risk profile (e.g., those at higher risk of being diagnosed with breast cancer).

SCA's participation in the national committee also helps SCA identify difficult-to-screen populations. Difficult-to-screen populations include those in rural and remote communities, those with low income, and new immigrants.

SCA's Screening Program, in common with other Canadian breast cancer screening programs, follows guidelines set by the Canadian Task Force on Preventative Health Care.[25] The Breast Cancer Screening Guidelines regard women between the ages of 50 and 74 as the primary target group for breast cancer screening. In Saskatchewan, approximately 155,000 women are between the ages of 50 and 74.[26] The Task Force Guidelines recommend routinely (i.e., every two to three years) screening women within this target group using mammography. Women within this target group are eligible to participate in SCA's Breast Cancer Screening Program.

SCA uses an electronic screening information system to identify eligible women, and track their participation in its Screening Program. Each week, information from Saskatchewan's personal health registration system[27] automatically updates SCA's screening information system. The updated information includes individuals recently eligible for the Screening Program (e.g., women who entered SCA's target group), and any changes to information for individuals already participating in the program (e.g., change in address).

4.1.2 Better Engagement of Physicians in Promotional Activities Needed

We expected SCA's strategies to reach eligible individuals (i.e., those within the target population) would include activities to promote the Screening Program (e.g., public education). We expected SCA to liaise with health care organizations, professional associations, and medical colleges to promote participation in the Screening Program. We expected it to evaluate its promotional activities periodically for effectiveness.

SCA educates the public about its Screening Program through various promotional activities. Each year, it spends about $43,000 on promotional activities. Two staff (early detection coordinators) are responsible for organizing these activities.

For example, SCA staff routinely participate in tradeshows and educational events for the general population, and educational events targeted at difficult-to-screen populations. Additionally, SCA generates awareness through radio and newspaper ads. SCA uses targeted ads to promote the availability of the mobile mammography bus in selected areas, and the national breast cancer awareness campaign, which takes place annually in October. SCA also held educational events for new international physicians and new medical residents. It participated in two annual conferences targeted to nurses.

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[25] The Public Health Agency of Canada established the Canadian Task Force on Preventative Health Care to develop clinical practice guidelines that support primary care providers in delivering preventative health care.

[26] http://population.health.gov.sk.ca/skpop.htm (22 March 2016).

[27] eHealth Saskatchewan, a provincial government agency, administers Saskatchewan's personal health registration system.

We found SCA had not established how to determine the success of its promotional activities. For example, it did not determine the expected percentage increase in participation rates for a particular promotional activity for a targeted region or group. Rather, management indicated that it informally evaluates its promotional activities on an annual basis. It discusses what worked well, and what it needs to improve. No documentation of these discussions was available for review.

Without measuring success, SCA cannot know whether its promotional activities are effective and whether the activities are providing the greatest value in terms of educating the public. It also limits SCA's ability to assess whether it has the optimal mix of promotional activities in place.

1. **We recommend that the Saskatchewan Cancer Agency evaluate the success of its Screening Program for Breast Cancer promotional activities against expectations.**

While SCA participates in several events for healthcare providers (e.g., physicians) each year, it does not have ongoing liaison with physicians outside of these events. We found that it did not have a strategy to engage physicians in promotional initiatives to increase the rate of participation of eligible women in its Screening Program.

We noted that another jurisdiction (e.g., British Columbia) has found that physicians can be a key prompt to encourage women to participate in a screening program. For example, they have physicians send out personalized invitation letters to their patients about the screening program; they have found physician-to-patient communications have positively impacted participation rates in the screening program.

Not having a strategy to engage physicians in promoting breast cancer screening increases the risk of SCA missing opportunities to increase participation rates in its Screening Program, and reduces an opportunity for early detection of breast cancer.

2. **We recommend that the Saskatchewan Cancer Agency develop a strategy to engage physicians in initiatives to increase awareness of its Screening Program for Breast Cancer.**

4.1.3 Evaluation of Strategies to Reach Difficult-to-Screen Populations Needed

We expected SCA to establish strategies, beyond its general promotional activities, to reach difficult-to-screen populations (e.g., those in rural or remote communities, new immigrants, those with low income).

Of the approximately 155,000 women within the Screening Program's target group, populations considered difficult-to-screen populations by SCA form a significant portion of the target group. For example, nearly 33% of Saskatchewan's population lives in rural areas.[28] As such, it is important for SCA to establish separate strategies to reach each of these groups.

We found SCA has developed several targeted strategies to reach difficult-to-screen populations. SCA's primary strategy to reach women in rural and remote areas is to make screening more accessible through the use a mobile mammography bus, and as previously noted, use of ads to make individuals aware of the timing of visits to their community.

As shown in **Figure 5**, SCA performed 8,137 scans on the mobile bus in 2014-15 (21.3% of the total number of mammograms). During 2014-15, this mobile bus travelled to 18 communities located throughout Saskatchewan ranging from stays of four to thirty-five days. In 2015-16, SCA visited 17 additional communities.[29]

Figure 5—Number of Screening Mammograms on the Mobile Unit

	2012-13	2013-14	2014-15
Number of scans performed on the mobile unit	6,136	8,390	8,137
Number of communities visited	6[A]	22	18[B]
% of total mammograms	16.7%	21.5%	21.3%

Source: Saskatchewan Cancer Agency, *2014-15 Annual Report* and SCA records.

[A] In 2012-13 the mammography equipment on the mobile bus was replaced which resulted in the mobile bus not being available for use for approximately eight months.

[B] Carlyle, Moosomin, Broadview, Grenfell, Wynyard, Lanigan, Watrous, Spiritwood, St. Walburg, Onion Lake, Meadow Lake, Kerrobert, Kindersley, Outlook, Davidson, Weyburn, Assiniboia, Gravelbourg.

SCA also developed a People Connect strategy to reach vulnerable populations (e.g., those with lower income) living in Saskatoon's core neighbourhood. Programming targeted at immigrant groups has also been developed through engagement with the Regina Open Door Society.[30] We also note that SCA management attended a national workshop in 2015 to explore opportunities to engage difficult-to-screen populations in its Screening Program.

However, we found that SCA does not use information that it already collects (e.g., geographic information) to track participation rates of difficult-to-screen populations (e.g., those in rural or remote areas).

Without sufficient information on difficult-to-screen populations, it is difficult to evaluate whether strategies targeted at these populations are increasing participation rates in its Screening Program.

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[28] www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo62i-eng.htm (18 March 2016).

[29] Shaunavon, Maple Creek, Leader, Rosetown, Humboldt, Wadena, Kelvington, Porcupine Plain, Hudson Bay, Creighton, Pelican Narrows, Nipawin, Tisdale, Melfort, Estevan, Carnduff, Carlyle.

[30] The Regina Open Door Society is a non-profit organization that provides settlement and integration services to refugees and immigrants in Regina. www.rods.sk.ca (7 March 2016).

3. We recommend that the Saskatchewan Cancer Agency analyze information on difficult-to-screen populations for its Screening Program for Breast Cancer to assess whether sufficient strategies are in place to reach these individuals for screening.

4.2 Screening Program Delivered

4.2.1 Screening Policies and Procedures Established; Staff Adequately Trained

We expected SCA to have documented guidance in place for Screening Program staff that aligns with best practice for breast cancer screening programs. We expected that SCA would ensure that healthcare workers involved in the Screening Program have adequate training.

As noted in **Section 4.1.1**, SCA follows the Canadian Task Force on Preventative Health Care – Breast Cancer Screening Guidelines regarding screening age range and how often screening should take place. This Task Force monitors the scientific developments in breast cancer screening, and updates the Guidelines.

SCA employs or contracts with about 54 healthcare professionals, such as nurses and mammography technologists, to operate the Screening Program. Additionally, SCA contracts with radiologists to read and interpret mammogram scans. It has nine mammography facilities.[31]

SCA provides staff involved in the Screening Program delivery (e.g., mammography technologists, client navigators,[32] early detection coordinators, and reception staff) with guidance such as job descriptions and procedure manuals. In addition, SCA provides client navigators with guidelines to follow when abnormal screening results are identified.

SCA participates in the Canadian Radiologists Association Mammography Accreditation Program. To meet the minimum Accreditation Program requirements to receive accreditation for each of its mammography facilities, SCA must submit information related to its mammography personnel at the facility (e.g., radiologists, technologists, medical physicists). SCA must also confirm the radiologists that it contracts with, and its employed technologists that specialize in screening mammography, have met the minimum continuing professional development requirements (i.e., 15 hours of breast imaging over a three-year period).

Every three years, SCA seeks accreditation for each of its mammography facilities through the Canadian Radiologists Association Mammography Accreditation Program. Each of its facilities held accreditation during the audit period (from March 1, 2015 to February 29, 2016). For example, its Saskatoon facility received accreditation in 2013, and is due for another accreditation review in 2016. Its Regina facility received accreditation in 2015 and is due for another review in 2018.

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[31] Mammography facilities include two permanent locations, six satellite facilities, and the mobile bus unit.

[32] Client navigators are registered nurses employed by SCA. Navigators coordinate diagnostic mammograms and/or ultrasounds as recommended by the radiologists for women with an abnormal screen result. www.saskcancer.ca/SPBC%20Guidelines (18 March 2016).

4.2.2 Eligible Women Invited for Screening and Timely Scheduling of Screening Tests

We expected that SCA would invite individuals eligible for screening to voluntarily participate in the program. We expected SCA to track information on each eligible individual related to screening (e.g., client demographic information, dates of screening, results of assessment) and use this information to invite them for screening at appropriate intervals. We expected that SCA would schedule a screening test in a reasonable amount of time after the invitation is accepted.

As described in **Section 4.1.1**, SCA uses a screening information system to identify individuals eligible for screening, to track participation in the Screening Program, and to track key information on participants. The system captures information on screening, assessment of abnormal results, cancer diagnosis information, and some demographic information (e.g., date of birth, family history of breast cancer).

SCA programmed the screening information system to follow its guidelines in determining the frequency of screening for eligible individuals (e.g., every two years if an individual is designated at normal risk of breast cancer). SCA provides an opt-out process for eligible individuals who choose not to enrol in the program. It updates its screening information system to indicate which individuals choose to opt-out (i.e., decide not to enrol). It does not send further communications to these individuals. Approximately 1% of eligible individuals choose to opt-out of the program.

The screening information system automatically determines the next screening date for each eligible individual based on the following: the date of the last screening (if any), enrolment status, the results of the previous screening, and other criteria (e.g., breast implants, cancer diagnosis, abnormal results).

The system automatically generates invitation letters to eligible individuals enrolled in the program based on the system-generated screening dates. SCA staff mail these letters to eligible individuals. If SCA does not receive a response from the individual, it automatically sends a reminder letter after four weeks.

We tested whether the SCA screening information system followed its guidelines in determining the frequency of screening dates. For the individuals we sampled, we found SCA sent invitation letters to newly eligible individuals seeking their first-time participation in the program, and sent other invitation letters consistent with the guidelines.

The invitations ask eligible individuals to schedule a screening appointment. After the appointment is scheduled, these individuals are referred to as clients.

SCA has established an internal measure that it schedules the mammogram-screening test within six weeks of client request for an appointment. For the clients we sampled, all received screening appointments within six weeks of contacting SCA with one exception. In one case, the client asked for an appointment outside of the six-week period.

4.2.3 Communication of Test Results and Follow Up Timely

We expected that SCA would communicate screening test results to clients and to their physicians promptly. We also expected that SCA would ensure clients with abnormal screening test results receive a diagnostic assessment, and a definitive diagnosis within a reasonable time period.

SCA uses the benchmarks set by CPAC for communicating screening test results to clients. Consistent with CPAC benchmarks, SCA requires:

- 90% of normal and abnormal screening test results be communicated to the client and the client's physician within two weeks of the screening test date
- 90% of clients with abnormal screening test results receive a diagnostic assessment[33] within three weeks of the screening test date
- 90% of clients with abnormal screening test results receive a definitive diagnosis within five weeks if no tissue biopsy[34] performed, or within seven weeks if a tissue biopsy is performed

SCA completes mammograms at its various screening facilities and provides radiologists with screens for interpretation. Radiologists read the scans and provide SCA with the results upon completion of the read. We found that SCA sets out expectations for providing timely results of screening tests in its contracts with radiologists. It expects radiologists to report the results of mammograms as soon as possible, and no longer than one week from the date of the screening test.

For the screening tests (normal and abnormal) we sampled, we found that SCA provided results letters to all clients within two weeks of the screening test date. SCA also communicated to the client's physician the test results (i.e., a screening report) within two weeks of the screening test date.

For clients with abnormal screening test results, SCA works with the client's physician to arrange diagnostic imaging and other necessary follow-ups. Management indicated that in approximately 90% of cases, physicians sign a medical directive allowing SCA client navigators to set up follow-ups on behalf of the physician.

Each client that we sampled with abnormal screening test results had a diagnostic assessment completed within three weeks of the screening test date. Also, each of those clients received a definitive diagnosis within the benchmarks set by CPAC.

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[33] A diagnostic assessment may include additional imaging (i.e., an ultrasound) or a tissue biopsy.
[34] A biopsy is removal of breast tissue samples for microscopic evaluation to determine if cancer is present.

4.3 Better Performance Monitoring and Reporting Needed

4.3.1 Screening Program Aligned with Best Practice and National Benchmarks

We expected that SCA would have processes to continually align the Screening Program with best practice and national benchmarks.

SCA uses participation in national committees to keep aware of breast cancer screening program best practice, and to align its program with national indicators (e.g., participation rates, cancer detection rates). Changes to best practice and benchmarks do not happen frequently since breast cancer screening programs in Canada are well established. However, by participating in these committees, SCA is made aware of any changes when they occur.

As described in **Section 4.1.1**, SCA management is actively involved in the Canadian Breast Cancer Screening Network, a national committee, which meets twice a year. The objectives of the Network are to:

- Foster the development of sustainable, high quality breast cancer screening in Canada
- Share and facilitate the use of best practices to enhance breast cancer screening in Canada
- Develop and promote quality initiatives including the monitoring and evaluation of outcomes for breast cancer screening in Canada
- Share and evaluate the latest research, policy and practice changes; and
- Facilitate the integration of breast cancer screening across the spectrum of cancer control[35]

SCA management is also a member of the Canadian Breast Screening Network Monitoring and Evaluation Group. This Group is comprised of representatives from each province/territory, CPAC, and a radiologist with expertise in screening mammography. The Group meets in-person twice a year to review and evaluate existing and potential new quality indicators and targets for breast screening programs. It also monitors and evaluates emerging issues. Members also receive updates through emails, teleconferences, webinars, and the use of a collaborative website.

4.3.2 Quality Assurance Processes for its Screening Equipment Maintained

We expected SCA to have regular quality assurance processes in place to assess the performance of Screening Program equipment (e.g., inspection of mammogram machines).

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[35] Canadian Partnership Against Cancer, *Canadian Breast Cancer Screening Network Terms of Reference*, (2015).

As described in **Section 4.2.1**, SCA receives accreditation for each of its mammography facilities through the Canadian Association of Radiologists Mammography Accreditation Program every three years. SCA must meet certain requirements to receive this accreditation. These requirements include:

- An annual physicist inspection[36] of all mammography equipment
- Documentation of quality control tests for mammography equipment (e.g., daily monitor inspection and cleaning)
- Documentation that mammography technologists and radiologists are appropriately qualified (e.g., all staff have met minimum continuing professional development requirements, radiologists have interpreted the minimum number of mammograms)
- Submission of mammograms from all mammography equipment for testing and evaluation by the accreditation program

We found that SCA submitted the appropriate documentation related to each of its screening equipment and staff for all of its facilities, and that each facility had accreditation status.

We also found that the SCA's mammography technologist procedure manual requires that following a radiologist's review of a mammography screen, a mammography technologist performs a blind second read where the technologist is not aware of the results of the radiologist's assessment of the screen. If the technologist's and radiologist's assessments do not agree, an additional review is performed by a second radiologist.

In addition, SCA uses software that identifies suspicious features on a scanned image, and brings them to the attention of a radiologist. Management also indicated that radiologists hold quarterly quality assurance meetings to review mammogram screening results.

4.3.3 Better Information on Success of Screening Program Needed

We expected SCA to collect key performance information related to the Screening Program on a timely basis, compare this information against established benchmarks, and take timely action to address areas that fall short of established benchmarks. We also expected SCA to have processes in place to assess the performance of Screening Program staff (e.g., performance of radiologists).

We found that SCA uses some information in its screening information system (e.g., the number of mammograms performed, the number of normal screens, the number of abnormal screens, participation rate). While this information provides some information needed to monitor performance of the program, it does not fully enable SCA to monitor whether its Screening Program is effective (e.g., whether breast cancer is correctly identified during the screening test).

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[36] The Radiation Safety Unit of the Ministry of Labour Relations and Workplace Safety does the inspections.

We also found that each year, SCA submits data to CPAC to enable CPAC to report information publicly on national results against established targets on its 13 quality indicators (see **Exhibit 5.0**). However, reporting intervals for CPAC vary significantly due to the length of time it takes CPAC to publish these reports.

In 2015, CPAC published its *Monitoring and Evaluation of Quality Indicators – Results Report* for the period of January 2009 – December 2010.[37] SCA received an update from CPAC on 6 out of 13 of the indicators, for the 30 months ended December 31, 2014 in February 2016. Therefore, while CPAC reports are useful to compare SCA's Screening Program to other screening programs across Canada, SCA cannot rely solely upon them to monitor its Screening Program. This is because it does not receive the CPAC reports on a timely basis.

SCA also uses some of the CPAC indicators to annually monitor the performance of individual radiologists. It tracks the number of mammography screens performed by each radiologist and certain statistics such as the abnormal call rate,[38] invasive cancer detection rate,[39] and in situ cancer detection rate[40] for each radiologist. However, we found the statistics used to monitor performance was several years old. The 2015 review used data from 2012.

SCA needs to determine how it could best analyze the overall performance of its Screening Program. This would include determining what information it needs to assess the effectiveness of the program, including key quality indicators that are relevant to Saskatchewan (e.g., CPAC quality indicators, wait times), and how often to analyze them (e.g., annually, every two years).

Without regular, timely tracking of key quality indicators and the performance of radiologists, SCA's ability to analyze performance information and take timely action to address areas that fall short of established benchmarks is limited.

4. **We recommend that the Saskatchewan Cancer Agency broaden the use of key quality indicators relevant to Saskatchewan to regularly analyze the performance of its Screening Program for Breast Cancer.**

4.3.4 Periodic Reporting Needed

We expected SCA to provide regular reports on key Screening Program performance information (e.g., quality indicators) to SCA senior management, the SCA Board, and to the public.

SCA reports participation rates and wait times (i.e., time between client contact with SCA and when mammogram received) quarterly to senior management and the Board. SCA recognizes that the participation rate in the Screening Program is low. In July 2015, management prepared, for senior management, information on the volume of screening tests performed within the Screening Program as compared to opportunistic screening. It noted SCA is looking for strategies to increase participation.

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[37] www.cancerview.ca/idc/groups/public/documents/webcontent/breast_cancer_screening_me.pdf (2 March 2016).
[38] The abnormal call rate is the percentage of mammograms that are identified as abnormal at program screen.
[39] The invasive cancer detection rate is the number of invasive cancers detected per 1,000 screens.
[40] The in situ cancer detection rate is the number of ductal carcinoma in situ (i.e., non-invasive breast tumour) cancers detected per 1,000 screens.

SCA reports participation rates and volume information to the public in its annual report (e.g., total number of screening tests as well as the number of screening tests completed in Regina, Saskatoon, on the mobile bus unit, and at satellite centres).[41]

However, as described in **Section 4.3.3**, performance information on quality indicators is not compiled and analyzed timely which limits the effectiveness of SCA's reporting. Without reporting on key performance information, SCA senior management, the Board, and the public will not be able to assess the effectiveness of the Screening Program.

5. We recommend that the Saskatchewan Cancer Agency periodically report to senior management, the Board, and the public on key performance information for the Screening Program for Breast Cancer.

5.0 Exhibit—Quality Indicators for Organized Breast Cancer Screening Programs in Canada, Women Aged 50-69

Indicator	Definition	Target
Participation rate	Percentage of women who have a screening mammogram (within a 30-month period) as a proportion of the target population.	≥ 70% of the target population within a 30-month period.
Retention rate	The estimated percentage of women age 60-67 who returned for screening within 30 months.	≥ 75% screened within 30 months of an initial screen; ≥ 90% screened within 30 months of a subsequent screen.
Annual screening rate	The estimated percentage of women aged 50-68 who are screened within 18 months of their previous screen.	% of women screened within 18 months of an initial screen; % women screened within 18 months of a subsequent screen. (Surveillance and monitoring purposes only)
Abnormal call rate	Percentage of mammograms that are identified as abnormal at program screen.	< 10% (initial screen); < 5% (subsequent screen).
Invasive cancer detection rate	Number of invasive cancers detected per 1,000 screens.	> 5 per 1,000 (initial screen); > 3 per 1,000 (subsequent screens).
In situ cancer detection	(a) Number of ductal carcinoma in situ (DCIS) cancers detected per 1,000 screens. (b) Percentage of all cancers that are DCIS.	(a) Per 1,000 screens (initial); per 1,000 screens (subsequent screen). (Surveillance and monitoring purposes only). (b) % DCIS (initial); % DCIS (subsequent screen). (Surveillance and monitoring purposes only)

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[41] Saskatchewan Cancer Agency, *2014-15 Annual Report*, (2015).

Indicator	Definition	Target
Diagnostic interval	(a) Time from screen to notification of screen result. (b) Time from abnormal screen to first diagnostic assessment. (c) Time from abnormal screen to definitive diagnosis.	(a) ≥ 90% within 2 weeks; (b) ≥ 90% within 3 weeks; (c) ≥ 90% within 5 weeks if no tissue biopsy performed; ≥90% within seven weeks if tissue biopsy performed.
Positive predictive value of the screening mammography program	Portion of abnormal cases with completed follow-up found to have breast cancer (invasive or in situ) after diagnostic work-up.	≥5% (initial screen); ≥6% (subsequent screens).
Non-malignant biopsy rate	(a) Number of non-malignant open and core biopsies per 1,000 screens. (b) Percentage of non-malignant biopsies which were open.	Per 1,000 screens (initial); Per 1,000 screens (subsequent screen). (Surveillance and monitoring purposes only).
Screen-detected invasive tumour size	Percentage of invasive cancers with tumour size of ≤15mm in greatest diameter as determined by the best available evidence: 1) Pathological, 2) Radiological, and 3) Clinical.	≥ 50% screen-detected invasive tumours.
Proportion of node negative screen-detected invasive cancer	Proportion of invasive screen-detected cancers in which the cancer has not invaded the lymph nodes.	> 70% screen-detected invasive cancers.
Post-screen invasive cancer rate	Number of invasive breast cancers found after a normal or benign mammography screening episode within 0 to < 12 and 12-24 months of the screen date.	< 6 per 10,000 person-years (0 to < 12 months); < 12 per 10,000 person-years (12-24 months).
Sensitivity of the screening mammography program	Proportion of breast cancer cases that were correctly identified as having cancer during the screening episode.	% (Subsequent screens). (Surveillance and monitoring purposes only).

Source: Canadian Partnership Against Cancer. *Quality Determinants of Breast Cancer Screening with Mammography in Canada*, (2013).

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Chapter 15

Saskatchewan Government Insurance—Only Qualified Drivers Remain Licensed

1.0 MAIN POINTS

On behalf of the Saskatchewan Auto Fund (Auto Fund), Saskatchewan Government Insurance (SGI) is responsible for not only issuing driver's licences to those eligible, but also confirming that only qualified drivers remain licensed to operate motor vehicles. It may suspend or revoke licences from individuals with habits or who exhibit conduct that makes the operation of a motor vehicle a source of danger to the public, or sanction them (e.g., requiring the completion of a defensive driving course).

At December 2015, SGI had licensed about 790,000 drivers. SGI used two key improvement programs for monitoring drivers that commit driving offences—one for monitoring inexperienced drivers, and another for monitoring experienced drivers. At December 2015, it was monitoring about 14,000 inexperienced drivers, and over 27,000 experienced drivers.

For the 12-month period ended December 31, 2015, SGI had effective processes to confirm only qualified drivers remain licensed, except for the following.

SGI uses a computer system to administer driver's licences and to monitor drivers. Therefore, it is important the information in the system be kept as current as possible. It is equally important staff complete key monitoring activities within a reasonable timeframe. SGI and its staff did in most areas. However, SGI needs to enter information on out-of-province traffic offences using similar timeframes as traffic offences that occur in the province, instead of as time permits.

Also, SGI needs to give staff written guidance for the following areas: expected timeframes for entering driver information into its computer system and for completing manual evaluations of driver information when required by its improvement programs, and on determining acceptable lengths of extensions that staff can grant to drivers for the completion of required actions or sanctions.

SGI needs to confirm changes to licensing and traffic safety legislation are approved, and in effect before it makes corresponding changes in its computer system used to administer driver's licences (i.e., driver demerit points and sanctions). We found that it did not always do so.

2.0 INTRODUCTION

SGI administers the Auto Fund and its related responsibilities. It registers vehicles, licenses drivers, and provides related services to about 1.1 million vehicles and trailers and about 790,000 drivers in Saskatchewan.[1] Enforcement (e.g., policing) of traffic safety laws is the responsibility of law enforcement and not SGI.

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[1] *2014 Saskatchewan Auto Fund Annual Report*., p. 9.

2.1 Impact of Vehicle Collisions

In 2014, human factors[2,3] contributed to 58% of all collisions, and to 83% of fatal collisions in Saskatchewan.[4] Alcohol impairment, driver inattention or distraction, and speed were the most frequently identified human condition and human action factors contributing to the 2014 fatal collisions in Saskatchewan.[5]

Over the last five years (from 2010 to 2014), the number of traffic collisions resulting in fatalities and in personal injury decreased. In 2014, there were 112 fatal collisions as compared to 145 in 2010, a decrease of 22.8%; in 2014, there were 4,419 personal injury collisions as compared to 4,743 in 2010, a decrease of 6.8%. Over the same time period, the number of licensed drivers in Saskatchewan increased by approximately 9.4%.[6] Even though the number of collisions has decreased, personal injury costs continue to increase. In 2014, personal injury claims cost the Auto Fund $306.6 million as compared to $206.1 million in 2010, an increase of 48.8%.[7] Over the last 10 years, personal injury costs have grown at an annual average rate of approximately 4.7%.[8]

Vehicle collisions have a significant impact on people. Fatal collisions cause irreversible and immeasurable harm to those affected. Collisions resulting in personal injuries can also significantly impact the quality of life of those affected. For example, injured people may require increased and ongoing medical care (e.g., medication, medical treatment, physiotherapy) and/or may not be fully capable of working.

2.2 SGI's Responsibilities for Licensing Drivers

The Traffic Safety Act (Act) makes SGI responsible for issuing driver's licences to those eligible. The Act sets out eligibility requirements to apply for a licence, and restrictions SGI can place on driver's licences (e.g., require a driver to be accompanied by another qualified driver). In general, an individual with habits or who exhibits conduct that makes the operation of a motor vehicle a source of danger to the public is not eligible to retain a driver's licence.

The Act embodies a demerit point system whereby the Act assigns a specific number of demerit points to traffic offences. The Act also sets out actions (sanctions) SGI can take when drivers do not comply with traffic safety laws (e.g., suspend driver's licences, or require drivers to take additional training).[9] SGI tracks and uses the number of demerit points each driver accumulates to help determine a driver's ability to remain able to operate a vehicle safely and whether the driver should remain licensed (e.g., remains qualified for a licence).

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[2] Saskatchewan law enforcement identifies the contributing factors for collisions with which they are involved. For collisions that do not involve law enforcement, drivers involved in the collision identify the contributing factors. Human condition and human action are factors that are the result of decisions made by the driver.

[3] Human factors that contribute to collisions include human conditions and human actions. Examples of human conditions include driver inattention, driver inexperience/confusion, driving while impaired, and driving with certain physical/medical conditions. Examples of human actions include failing to yield, driving too closely, and driving too fast for environmental conditions.

[4] SGI, *2014 TAIS Annual Report*, p. 14. www.sgi.sk.ca/pdf/tais/TAIS_2014_Annual_Report.pdf (17 February 2016).

[5] Ibid.

[6] Ibid., p. 3

[7] Ibid., p. 16.

[8] *2014 Auto Fund Annual Report*, p. 9. www.sgi.sk.ca/pdf/annualreports/SGI_2014_Annual_Full.pdf (10 November 2015).

[9] *The Traffic Safety Act*, sections 30 - 55.

SGI uses two main programs to monitor drivers – the Graduated Driver Licensing (GDL) Improvement Program and the Driver Improvement Program (DIP).

- The GDL Improvement Program monitors inexperienced drivers. Inexperienced drivers are drivers with learner licences or who have not graduated from the GDL program.[10] The GDL Improvement Program is set out in legislation. Under the improvement program, SGI takes an educational approach to correct unsafe driving of new drivers. At December 2015, there were about 14,000 drivers in the GDL Improvement Program (about 19% of the approximately 72,000 drivers with a learner licence or who have not graduated from the GDL program).

- The DIP monitors experienced drivers. Experienced drivers are drivers that have passed the requirements of the GDL program. The DIP is not required under law. Through DIP, SGI monitors drivers' information over the last 730 days (two years) to determine whether the driver has reached a level where SGI must impose a sanction (i.e., accumulated a specified number of demerit points). At December 2015, there were over 27,000 drivers in DIP.

As reflected in **Figure 1**, each of these programs set out escalating sanctions SGI imposes on drivers for driving offences based on demerit points accumulated. Also, each program sets the number of demerit points required to reach the various sanctions. The more demerit points drivers accumulate, the tougher the sanctions become.

Figure 1—Number of Demerit Points for Each Improvement Program's Escalating Sanctions

Sanction	Graduated Licensing Demerit Points	DIP Demerit Points
Program information letter	Not applicable	9 or more
Warning letter	If the first incident is 1 point	3 or more additional points
Traffic Safety Education Course	If the first incident is 3 or more points or If the second incident is 1 or more points	Not applicable
Defensive Driving Course	Additional incident of 1 or more points	3 or more additional points
Driver Improvement Training	Additional incident of 1 or more points	3 or more additional points
30-day driver's licence suspension	Additional incident of 1 or more points	3 or more additional points
90-day driver's licence suspension	Additional incident of 1 or more points	3 or more additional points
180-day driver's licence suspension	Additional incident of 1 or more points	3 or more additional points
Interview with SGI and determined sanction(s)	Additional incident of 1 or more points	3 or more additional points
Manual review and determined sanction(s)	Additional incident of 1 or more points	3 or more additional points

Source: SGI website: www.sgi.sk.ca/individuals/penalties/dip.html and www.sgi.sk.ca/individuals/penalties/gdlimprovement.html .(7 January 2016).

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[10] The GDL program is a staged introduction of new drivers into the driving environment. It contains six stages. Stages include obtaining a learner's licence and gaining driving experience with different levels of restrictions. Drivers graduate from the GDL program after completing the stages without any at-fault collisions or traffic convictions.

SGI has assigned responsibility for confirming only qualified drivers remain licensed to its Driver Programs department. This department consists of the following two main areas:

- Medical Review Unit – this unit monitors whether Saskatchewan licensed drivers have the medical fitness and the skills necessary to operate a motor vehicle safely. The medical review unit focuses on drivers with reported medical conditions that may affect their ability to drive. This unit consists of 12 positions including seven registered nurses.

- Driver Records – this unit is responsible for maintaining driver records. This unit consists of 12 staff that administer the DIP and GDL Improvement Program.

SGI also has a Traffic Safety Program Evaluation department that assesses the effectiveness of driver programs.

Drivers can appeal, through the Highway Traffic Board, decisions SGI makes under DIP, GDL Improvement Program, and restrictions SGI's Medical Review Unit places on a licence for medical reasons.[11]

In 2015, drivers appealed approximately 138 medical decisions and 5,830 non-medical decisions made by SGI, of which 12 (8.7%) and 3,431 (58.9%) were overturned respectively. The percentage of medical decisions overturned in 2015 is 2.9% less than 2012 (11.6%); the percentage of non-medical decisions overturned in 2015 is about the same as 2012 (58.4%).[12] The length of time a vehicle remains impounded is prescribed by traffic safety legislation. In 2015, vehicle impoundments represented 39% (2012: 65%) of non-medical appeals with decisions overturned.

In 2015, about 8% of appeals relating to DIP were overturned (2012: 3%) and 4% of appeals relating to GDL Improvement Program were overturned (2012: 2%).

Confirming that only qualified drivers remain licensed, imposing sanctions timely to influence safe driving conduct, or taking away licences from unsafe drivers helps increase traffic safety.

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess whether SGI had effective processes for the 12-month period ended December 31, 2015, to confirm only qualified drivers remain licensed to operate motor vehicles.

For purposes of this audit, qualified drivers were drivers that had demonstrated the ability to operate a vehicle safely (e.g., medically fit to drive, competent).

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[11] The Highway Traffic Board is a government body separate from SGI. The Highway Traffic Board consists of at least five members appointed by the Minister responsible for the Highway Traffic Board who is typically the Minister Responsible for Highways and Infrastructure. The Board's duties include hearing appeals from drivers regarding decisions SGI has made under traffic safety laws, and judging applications for restricted driver's licences as a result of criminal code convictions.

[12] In 2012, drivers appealed approximately 69 medical decisions and 5,664 non-medical decisions made by SGI and law enforcement, of which about 8 (11.6%) and 3,307 (58.4%) were overturned respectively.

We did not examine SGI's processes to issue a Saskatchewan licence to a driver for the first time, including drivers formerly licensed by other jurisdictions. In addition, we did not examine the appropriateness of Saskatchewan traffic safety laws.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SGI's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. SGI's management agreed with the criteria (see **Figure 2**).

We examined SGI's processes to confirm only qualified drivers remain licensed by interviewing SGI staff and reviewing related documentation. We sampled driver information (including medical information) received, concerns investigated, and sanctions imposed by SGI for drivers that had committed offences to determine whether SGI followed its processes. Because SGI uses its AutoFund information technology system to administer driver's licences, we assessed the integrity of driver information in that system. We worked with SGI to ensure that confidentiality of driver information was respected throughout our procedures, for example, through anonymizing driver data.

Figure 2—Audit Criteria

1. **Maintain information on licensed drivers**
    1.1 Record information needed to evaluate ongoing driver qualifications (e.g., licence restrictions, driving accidents and convictions, medical reports)
    1.2 Confirm sources and availability of required information on drivers (e.g., agreements with key information providers, reminders to physicians)
    1.3 Use information obtained to update information on drivers promptly

2. **Establish driver evaluation and disciplinary process**
    2.1 Establish guidance for evaluation of driver medical reports
    2.2 Align processes to measure improper and high-risk driving with legislation
    2.3 Establish guidance for staff to administer consequences for drivers that exhibit improper or high-risk driving consistent with legislation (i.e., suspensions and penalties, escalating actions for continued unsafe driving)
    2.4 Communicate consequences for improper or high-risk driving to the driving public
    2.5 Use results of driver evaluation to update processes where required (e.g., did disciplinary actions achieve desired result, did SGI receive information on drivers timely and as expected)
    2.6 Report key results

3. **Identify drivers that exhibit improper and high-risk driving**
    3.1 Assign qualified independent staff to evaluate driver information for improper and high-risk driving (e.g., medical information)
    3.2 Evaluate driver information timely, in accordance with established process

4. **Take appropriate and timely disciplinary action**
    4.1 Communicate disciplinary decisions timely, to drivers with improper or high-risk driving
    4.2 Escalate disciplinary action timely, for non-compliance with disciplinary action (e.g., levy penalty, suspend licence)

We concluded that, for the 12-month period ended December 31, 2015, Saskatchewan Government Insurance had, other than the following, effective processes to confirm only qualified drivers remain licensed. SGI needs to:

- **Give staff written guidance for expected timeframes for completing manual evaluations of driver information, and for entering driver information into the computer system used to administer driver's licences; data entry guidance should require information on out-of-province traffic offences to be entered using similar timeframes as for in-province traffic offences**

- **Give staff written guidance for acceptable lengths of extensions that staff can grant to drivers for completion of required sanctions**
- **Confirm demerit points and sanctions set by law are changed before making corresponding changes in the computer system used to administer driver's licences**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations) in italics, and our key findings along with related recommendations.

4.1 Information on Licensed Drivers Recorded

4.1.1 Driver Information Gathered but Not Entered Timely

We expected the following processes. SGI would identify information that it should maintain for licensed drivers. It would identify key sources of driver information and plan to obtain information from those key sources. SGI would update driver information timely.

As set out in **Figure 3** and as contemplated by the Act, SGI receives information from various sources—many of which are external sources. The amount of information it receives each year varies by the type of information.

Figure 3—Driver Information SGI Receives and Timeliness of Data Entry into AutoFund System

Driver Information	Information Source	Expected Frequency of Submission to SGI (Source)	Number of Instances from January 1 – December 8, 2015	Expected frequency of data entry into AutoFund system
Collisions (at-fault)	SGI internal systems	Daily (internal practice)	70,037	Daily electronic transfer of information from SGI claims system
Summary Offence Tickets (SOTs)[a]	Ministry of Justice	Immediately (section 281(1) of the Act)	185,760	Daily
Unpaid Fine Suspensions	Ministry of Justice	Frequency not specifically stated	10,230	Daily
Criminal Code Convictions	Ministry of Justice	Immediately (section 281(1) of the Act)	6,913	Within 3 days of receipt
Information on Offences from Other Provinces	Other Provinces	Frequency not specifically stated (agreement between the driver's licence issuers for all Canadian jurisdictions)	15,421	As Time Permitted
Vehicle Impoundments	Peace Officers (i.e., law enforcement)	Frequency not specifically stated (section 31 of *The Driver Licensing and Suspension Regulations, 2006)*	9,370	Within 3 days of receipt
Roadside Suspensions	Peace Officers	Frequency not specifically stated (section 31 of *The Driver Licensing and Suspension Regulations, 2006)*	4,633	Within 3 days of receipt

Driver Information	Information Source	Expected Frequency of Submission to SGI (Source)	Number of Instances from January 1 – December 8, 2015	Expected frequency of data entry into AutoFund system
Medical Reports Required by the Act	Medical Practitioners	Frequency not specifically stated (section 283 of the Act)	18,222	Within 2 days of receipt
Medical Test Results Requested by SGI	Regional health authorities, physical rehabilitation specialists	Frequency not specifically stated (agreements with regional health authorities, physical rehabilitation specialists)	Included in 18,222 above	Within 2 days of receipt

Source: SGI records.

[a] A **summary offence ticket** is a ticket issued under provincial laws, such as *The Traffic Safety Act* or *The Alcohol and Gaming Regulation Act, 1997*, or under some federal laws, such as the *Canada Wildlife Act* or *Canada National Parks Act*.

The Act does not always set out how often driver information must be submitted to SGI. For example, while the Act indicates the Ministry of Justice must submit SOTs and criminal code convictions daily, it is silent on how often medical practitioners and law enforcement must submit prescribed driver information to SGI. SGI officials advised us that it works with these groups so that they submit information on a timely basis. We found SGI received SOTs and criminal code convictions information from the Ministry of Justice daily as the Act requires.

Also, as shown in **Figure 3**, the Act does not always require submission of driver information SGI has identified as necessary to monitor drivers. To ensure it receives this information, SGI has entered into agreements with parties who collect the key information. Also as shown in **Figure 3**, we found that while the agreements sufficiently outlined the information to submit to SGI, they did not always set out the frequency of the submissions (e.g., daily, weekly, or by specified deadlines). For the eight agreements we examined, we found five did not clearly indicate expected frequency of reporting or reporting deadlines. While we did not observe problems with SGI obtaining information within a reasonable timeframe, SGI could incorporate expected frequency for the submission of driver information into future agreements to avoid a potential misunderstanding.

SGI maintains an information technology system to track and maintain key information about drivers (i.e., the AutoFund system). SGI also maintains a Driver Programs Procedure Manual (procedure manual). SGI makes the procedure manual available to all Driver Programs staff. The procedure manual:

- Outlines the information that SGI receives and maintains in its AutoFund system for drivers (see **Figure 4**) and how the AutoFund system administers driver programs (e.g., DIP)

Figure 4—Summary of Driver Information SGI Maintains

Driver information (e.g., address, date of birth, etc.)
Driver transactions
Driver's licence details (including driver education history)
Driver's licence suspensions
Driver criminal code convictions
Collision information
Driving tickets received
Driver demerit points (e.g., points obtained pursuant to the DIP)
Medical assessment information

Source: SGI Driver Programs Procedure Manual.

- Outlines the processes to receive driver information
- Describes how to update information in the AutoFund system and use the AutoFund system (e.g., find a customer, review driver history)
- Provides guidance on how to set or adjust sanctions (e.g., how to adjust date a driver is required to take a defensive driving course under the DIP), and
- Includes guidance on both driver improvement programs (i.e., DIP and GDL Improvement Program)

We found that the procedure manual provided sufficient detail, was easy to understand, and covered all but one expected subject area. The manual did not indicate when SGI expected staff to enter driver information into its AutoFund system (e.g., daily, weekly). Rather, management gave staff verbal guidance on when to enter information; it advised us that the guidance reflected the priority of the information and helped it manage data entry workflow.

As noted in **Figure 3**, SGI expected staff to enter some data daily (e.g., summary offence tickets), some within three days of receipt (e.g., roadside suspensions, criminal code convictions), and some as time permitted (e.g., out-of-province offences). Management also expected staff to keep track of information received but not yet entered (e.g., work outstanding logs).

Relying on verbally understood expectations on when to enter driver information into the AutoFund system may lead to misunderstanding and delays in data entry, and decreases the ability of management to effectively monitor staff performance. Also, it increases the risk that staff may not consistently prioritize entry of driver information into the AutoFund system, particularly in the event of unplanned staff turnover. Given SGI relies on information in the AutoFund system to monitor drivers, incomplete information could delay the commencement of SGI's driver disciplinary process.

1. **We recommend that Saskatchewan Government Insurance establish written guidance outlining expected timeframes for entry of driver information into the computer system used to administer driver's licences.**

For driver information that we tested, we found, other than for criminal code convictions and out-of-province tickets, staff had entered information into the AutoFund system within expected time frames.

- For the criminal code convictions we examined, we found five out of nine convictions were entered two to six days later than expected; that is entered within five to nine days of receipt of the information instead of within the expected three days
- For the out-of-province offences we examined, we could not determine how timely they were entered into the AutoFund system because SGI did not document when it received this information and did not retain its work outstanding logs

To assess the overall timeliness of the data entry of driver information, we reviewed the work outstanding logs. At December 2015 (the time of our audit), the longest delay of entry into the system was two weeks (e.g., many were out-of-province offences). This was not as timely as we expected.

Although entering information on outstanding out-of-province offences was consistent with SGI's communicated expectations (i.e., as time permits), we questioned the appropriateness of the expected timeframe of as time permits. We noticed the out-of-province offences contained similar offences and risks as offences committed in Saskatchewan. For example, a driver that committed an alcohol and drug related offence outside Saskatchewan received the same sanctions as a driver that committed the offence in Saskatchewan. A delay in entering the out-of-province offence information could delay the commencement of SGI's disciplinary process.

2. **We recommend that Saskatchewan Government Insurance enter, into its computer system used to administer driver's licences, information on out-of-province traffic offences using similar timeframes as traffic offences that occur in Saskatchewan.**

4.1.2 Driver Medical Information Actively Sought from Practitioners

We expected SGI would actively seek driver medical information from practitioners that is required by law.

The Act requires medical practitioners to report to SGI information about drivers who, in the opinion of the medical practitioner, suffer from a condition(s) that will make it dangerous for that person to operate a vehicle.[13]

Consistent with our criteria (expectations), we found SGI took certain actions to promote awareness of the requirement under the Act and to communicate the information to be provided.

SGI along with the University of Saskatchewan - College of Medicine have developed and implemented the Fitness to Drive Program. This education program advises healthcare professionals on how to evaluate drivers with medical conditions that may impact their ability to drive. It also sets out the medical and legal requirements for reporting medical information to SGI.

SGI's Medical Review Unit staff also gave to medical organizations, upon request, presentations on medical conditions that could impact the ability to drive. For example, during 2015, the Unit made presentations to the Alzheimer Society, Saskatchewan Association of Optometrists, CBI Physical Rehabilitation Centre, Arcola Health Clinic, nurse practitioners in Maidstone, and the Saskatchewan Society of Occupational Therapists.

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[13] *The Traffic Safety Act,* section 283(1).

We found the 2015 presentation to the nurse practitioners in Maidstone provided sufficient information to help guide the practitioners in evaluating driver medical conditions and communicating the required information to SGI.

4.2 Establish Driver Evaluation and Disciplinary Process

4.2.1 Guidance for Evaluation of Medical Reports Established

We expected SGI would set, and medical review staff would use, guidance for assessing medical reports.

As previously noted, SGI received driver medical information (medical reports) from various sources. These sources included health professionals (e.g., physicians, optometrists, physical therapists, registered nurses), other drivers, collision claims adjustors, and citizens concerned about a driver's medical condition. As noted in **Figure 3**, for the period January 1 to December 8, 2015, it received over 18,000 medical reports.

SGI has a Medical Review Unit Medical Policy (medical policy). This medical policy is consistent with nationally recognized practices from the Canadian Council of Motor Transport Administrators (CCMTA) and the Canadian Medical Association. It included guidance for evaluating driver medical reports with comprehensive guidance for different medical situations and conditions. For each of those conditions, the medical policy outlined related medical standards, the frequency to assess drivers, specific information to request from medical practitioners, and guidance for SGI staff to determine whether drivers are safe to drive. For example, the medical policy indicated commercial drivers with a permanent pacemaker would be eligible to drive one month after receiving the pacemaker if they have not experienced any episodes of impaired consciousness.

We found the guidance provided sufficient detail to facilitate consistent decisions on medical conditions. For unusual cases not contemplated in the policy, medical review unit nurses met weekly to discuss the particulars of the situation, and documented their decisions to provide a resource for use in making future decisions on similar situations.

4.2.2 Processes to Measure Improper and High-Risk Driving Not Always Aligned with Legislation

We expected SGI processes would measure the significance of driving offences and be consistent with legislation.

As previously noted, the Act and related regulations assigned demerit points for driving actions that are illegal[14] assigning more points to high-risk driving offences. See **Figure 5** for demerit points assigned to some of the most frequent offences.

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[14] *The Driver Licensing and Suspension Regulations, 2006*, Appendix Part II.

Figure 5—Listing of the Most Frequent Traffic Offences and Related Demerit Points

Most Frequent Offences	Demerit Points
At-fault collision	6
Driving while suspended or refused licence	4
Driving without due care and attention	4
Running a red light	4
Running a stop sign	4
Stunting	4
Driver failing to wear a seatbelt	3
Driving contrary to sign direction	3
Driving an unregistered vehicle	1
Exceeding the speed limit	1
No driver's licence or inappropriate licence	1
U-turn at lights	1

Source: SGI website: www.sgi.sk.ca/individuals/penalties/dip.html (7 January 2016).

SGI primarily used various automated processes within its AutoFund system to administer driver's licences. SGI's AutoFund system automatically assigns demerit points for offences. The AutoFund system is programmed to track the accumulation of demerit points, and automatically begin the sanctions based on the relevant driver program (e.g., warning letter or letter indicating required training). Also, the Auto Fund system automatically escalates sanctions for more significant offences (e.g., criminal code convictions) and repeat offences (see **Figure 1** for sanctions by program).

For a sample of offences, we tested whether the AutoFund system generated demerit points and sanctions consistent with the provisions of the Act and regulations in effect. For two offences, we found the system generated demerit points inconsistent with legislation in effect at December 2015. We found:

- For the offence of driving a motor vehicle as a learner while not accompanied by an experienced driver with a valid driver's licence, the AutoFund system assigned four demerit points to drivers instead of three demerit points as required by *The Driver Licensing and Suspension Regulations, 2006*.[15] This offence is part of the GDL Improvement Program. We found that SGI had assigned four demerit points to this offence since June 27, 2014. This offence occurred 1,018 times between June 27, 2014, and December 31, 2015.

  We did additional work to determine if these drivers were adversely impacted (that is, whether SGI had imposed unwarranted sanctions). Sanctions within the GDL Improvement Program are based on both the number of incidents and accumulated demerit points (**Figure 1**). For these drivers, the additional demerit points did not trigger unwarranted sanctions.

  We did additional work to determine if these drivers were charged with fines in error. Drivers who commit offences must pay a fine of $25 per demerit point received under *The Automoblie Accident Insurance Act* and related regulations.[16] These regulations applied four points whereas *The Driver Licensing and Suspension Regulations, 2006* applied three demerit points for the same offence. Regardless of the inconsistency in legislation, we found that these drivers were charged the correct fines.

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[15] Ibid.

- For certain sanctions (e.g., where a driver is convicted of driving with a blood alcohol content greater than 0.04 but less than 0.08 and required to complete driver improvement training), we found the AutoFund system gave drivers up to 120 days to complete the sanctions instead of up to 90 days as required by law. We found that SGI had allowed the additional 30 days from June 27, 2014 to November 19, 2015, and then the law was changed. These relevant sanctions occurred approximately 11,000 times during this period.

Management indicated that it thought these provisions were changed in conjunction with other changes that had came into effect June 27, 2014. It acknowledged it did not confirm the law was changed before it approved and made these changes to the AutoFund system.

Changing the AutoFund system before confirming that corresponding changes to law are made resulted in SGI not administering driver's licences in accordance with the law.

3. **We recommend that Saskatchewan Government Insurance confirm changes to law that set demerit points and sanctions are in effect before making corresponding changes in the computer system used to administer driver's licences.**

4.2.3 Guidance for Staff to Administer Consequences for High-Risk Drivers Established

We expected the following processes. SGI would give staff that administer sanctions guidance so that drivers with offences are handled on a consistent basis and consistent with the law and policies. Written guidance on escalation of sanctions is particularly important where escalation processes are not automated, or set in legislation so that exceptions are handled consistently. We also expected SGI would use best practices when determining sanctions for offences (e.g., using work of national committees).

Drivers in Saskatchewan that commit offences face sanctions ranging from warning letters to licence suspension. SGI bases sanctions for driving offences and escalation of sanctions on research and best practice. It uses this research and best practice to propose changes to licensing and traffic safety legislation and to provide a basis for its licensing policies and programs (e.g., DIP). We verified SGI's participation on the CCMTA[17] and SGI's review of research. SGI's participation on the CCMTA and review of research helped keep its guidance to administer sanctions consistent with industry best practice.

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[16] *The Automobile Accident Insurance (General) Regulations, 2002.*

[17] The CCMTA is the official organization in Canada for coordinating all matters dealing with administration, regulation, and control of motor vehicle transportation and highway safety. CCMTA incorporates members from all Canadian governments (Provincial/Territorial/Federal) as well as associates from transportation related organizations. www.ccmta.ca (05 January 2016).

As previously discussed, the Act and related regulations set out driving offences and the AutoFund system automatically initiates sanctions for offences. The Act and related regulations set out escalation of sanctions for certain offences. This includes:

- Offences related to alcohol and drugs[18] – for experienced drivers the first offence is a 3-day suspension, second offence within five years is a 21-day suspension, third offence within five years is a 90-day suspension
- Criminal code convictions[19] – drivers are not allowed to drive for one year after the first conviction, for three years after the second conviction, and five years after the third conviction
- Offences and sanctions for drivers in the GDL Improvement Program[20] – as noted in **Figure 1**, drivers progress through increasingly tough sanctions as drivers commit offences and accumulate demerit points

SGI has not automated within the AutoFund system two of the escalation steps under the DIP and GDL Improvement Program – i.e., when drivers must attend an interview with SGI staff, and SGI's manual review of a driver's history. Typically, the supervisor of the Driver Records department carries out the reviews of driver history (e.g., previous offences and sanctions).

We found SGI gave staff sufficient guidance for these areas. Guidance (e.g., procedure manual) included how to complete driver interviews, carry out manual reviews of driver history, and administer exceptions. In addition, it gave guidance for conducting interviews of drivers to help ensure interviews are conducted in accordance with policy and are consistent for each driver being interviewed. In addition, SGI gave supervisors training on completing manual reviews of driver history.

Occasionally, SGI grants extensions to drivers for completion of a required course. Extensions allow drivers to avoid having licences suspended and gives them more time to take the required course. For example, SGI may require a driver with certain offences to complete a training course (e.g., defensive driving course) by a certain date (deadline). If the driver cannot complete the course by the deadline and requests an extension, SGI will assess the reasons (e.g., due to conflicts with employment, school) and may grant an extension.

Guidance in the procedure manual allows SGI staff to grant a driver up to two extensions; however, the procedure manual does not provide guidance on determining the period of extension or set out a maximum additional days permitted (e.g., 120 days).

Granting extensions means potentially high-risk drivers posing risk to the travelling public remain licensed longer. Lack of clearly established guidelines for the length of extensions (e.g., maximum length of extensions) increases the risk of potentially high-risk drivers committing further offences.

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[18] *The Traffic Safety Act,* sections 137 – 150.
[19] *The Driver Licensing and Suspension Regulations, 2006,* section 30. Examples of criminal code convictions include blood alcohol levels over the legal limit (0.08), impaired driving causing injury or death, driving while suspended or disqualified.
[20] *The Driver Licensing and Suspension Regulations, 2006,* section 23.

4. We recommend that Saskatchewan Government Insurance give staff written guidance on determining the length of extensions that can be granted to drivers for completion of required actions (sanctions).

4.2.4 Consequences for Improper or High-Risk Driving Communicated to the Public

We expected that SGI would communicate to the public sanctions for exhibiting improper or high-risk driving.

SGI sufficiently communicated to the driving public sanctions for exhibiting improper, high risk, and unsafe driving. We observed the following communications that clearly described sanctions for improper and high-risk driving:

- Training materials (e.g., driver training materials while obtaining a learner's licence)
- Brochures available at licence issuers (e.g., basic licence information, DIP)
- SGI's website (www.sgi.sk.ca/individuals/penalties/index.html) (7 January 2016)
- Television and radio advertisements
- Communication to drivers after each sanction in warning letters or other correspondence to specific drivers

4.2.5 Driver Programs Periodically Evaluated

We expected SGI would periodically evaluate its processes and the results of its programs, and make changes where required (e.g., did disciplinary actions taken achieve desired results).

SGI driver records and medical review unit staff met monthly to discuss issues and lessons learned relating to driver information received and the process used to evaluate drivers. Because customer calls and concerns may indicate issues with SGI's communications to drivers, driver records staff also met monthly with staff at SGI's call centre who track customer calls.

Driver program staff used these monthly meetings to discuss where communication issues may exist and how to improve them. We observed that SGI changed the wording of warning letters to more clearly communicate the purpose of the letter to drivers as a result of customer calls to SGI's call centre.

SGI has a Traffic Safety Program Evaluation Department (evaluation department). The evaluation department is separate from the driver records and medical review unit departments responsible for administering driver programs. The evaluation department monitors data on trends (e.g., collision fatalities, collision injuries, property damage) and evaluates, in detail, outcomes of driver programs.

We reviewed the evaluation department's program evaluation work plan (i.e., what programs it plans to evaluate and when) and a sample of its evaluation plans (detailed plans setting out how it will evaluate each driver program). We found senior management approved the work plan. The work plan summarized the following for each driver program:

- What it was going to evaluate (e.g., alcohol-related collision rates)
- How it planned to evaluate each program
- Who was responsible for completing the evaluation

The evaluation plans we reviewed were robust. The evaluation plans summarized SGI's review of related research, set out the questions to be answered during the evaluation (e.g., what is the deterrent effect of the program, what is the trend in repeat offences), program outcomes, what data will be analyzed during the evaluation, and planned reporting after the evaluation is completed.

During 2015, SGI evaluated DIP consistent with its work plan. It reviewed research relating to driver improvement programs,[21] compared program practices to other jurisdictions and to best practices,[22] and recommended streamlining the program. At December 2015, senior management was reviewing the draft DIP evaluation. Per discussion with management, SGI expects to implement the recommendations once approved.

4.2.6 Key Results Communicated

We expected SGI would periodically report key evaluation results to senior management and to the Board.

Although SGI did not have formal policies setting out the driver program information to be reported to senior management, it had well-established reporting practices. Staff used various ways to report key results to senior management on the activities of driver programs. We found senior management received information from the following:

- Reports on specific initiatives through regular meetings and performance reviews with staff (e.g., update on traffic safety initiatives implemented in June 2014 such as speed cameras)
- Program evaluation reports (e.g., DIP evaluation report)
- Bi-weekly reports with traffic offence statistics that include year-to-date information for various offences compared a three-year average
- Annual report on traffic collisions in the province that provided a high-level overview of collisions and the contributing factors of collisions[23]

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[21] In 2014, SGI evaluated the effectiveness of the Driver Improvement Training course (a sanction under the DIP). SGI found that drivers that participated in the Driver Improvement Training course were about 27% less likely to be convicted of a traffic offence in the two years following the course and were about 73% less likely to be responsible for an at-fault collision.

[22] Canadian National Safety Code and The American Association of Motor Vehicle Administrators' programs.

[23] SGI, *2013 TAIS Annual Report*. www.sgi.sk.ca/about/publications/collisionstats/index.html (06 January 2016). The annual report indicates that the information is compiled from law enforcement and SGI insurance claim records.

Also, we found senior management periodically reported key results to the Board. For example, in October 2015, senior management gave the Board the results of new traffic safety initiatives put into effect June 2014.[24]

4.3 Identify and Evaluate Drivers that Exhibit Improper and High-Risk Driving

4.3.1 Qualified and Independent Staff Assigned to Evaluate Driver Information

We expected the following processes. SGI would define the minimum knowledge, skills, and experience requirements of staff responsible for evaluating driver information, to have objective assessments, and would require them to be independent from the driver being evaluated.

As part of its normal human resource activities, SGI determines the knowledge, skills, and experience requirements of each position during the development and maintenance of a position's related job description. Its hiring processes include evaluating whether candidates meet the qualifications.

We found SGI had job descriptions that define the minimum knowledge, skills, and experience requirements of staff responsible for evaluating driver information. Key staff in these positions possessed the qualifications set in the related job descriptions (e.g., the manager of the medical review unit possessed the required medical qualifications).

SGI uses the following processes for objectively evaluating driver information. It requires staff to annually sign a conflict of interest and ethics statement. This statement requires staff to identify and advise their supervisor of any conflicts, as they arise. In these situations, supervisors are to reassign driver assessment to another evaluator.

In our testing that driver information was evaluated in accordance with SGI policies, we did not identify any conflicts. Also, we observed all staff that reviewed driver information signed the annual conflict of interest and ethics statement for 2015.

4.3.2 Driver Information Evaluated in Accordance with the Established Process but Some Not Evaluated Timely

We expected the following processes. SGI would, on a timely basis, investigate incidents and concerns about drivers and assess the impact on drivers' ability to drive safely. This would include evaluating medical reports from practitioners. It would also include evaluating driver information to identify drivers with improper or high-risk driving.

Evaluation of Medical Information

As set out in **Figure 3**, from January 1 to December 8, 2015, SGI received 18,222 medical reports and requested medical test results. Medical review unit staff use medical information in the reports to determine if the driver's medical condition impacts the individual's ability to drive safely.

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[24] SGI's Risk Committee, a committee of the Board, set in its work plan to receive information on major traffic safety initiatives as required.

For medical reports we tested, we found all evaluations were done consistent with SGI's medical policy and evaluated within one business day of the receipt of the medical information. For those reports assessed as impacting the ability to drive safely, we found SGI appropriately restricted or removed the individual's ability to drive. For example, in one case, SGI suspended the driver's licence of an individual suffering from severe memory impairment. SGI provided notice of this decision to the driver timely (i.e., same day medical information was evaluated).

Automated Evaluation of Non-Medical Driver Information

SGI has automated the majority of its evaluation process through use of the AutoFund system and handled a few areas manually. Except for criminal code convictions and out-of-province offences (as previously noted), we found SGI kept the information in the AutoFund system current. As a result, SGI's evaluated this information timely and in accordance with its processes.

Manual Evaluation of Non-Medical Driver Information

When drivers accumulate demerit points to reach the toughest sanctions in SGI's improvement programs (see **Figure 1**), the AutoFund system notifies staff who must do a manual evaluation of driver information (i.e., interview with driver and manual review of driver offence history). Using these evaluations, SGI determines sanctions (e.g., further driver education, or further licence suspension) appropriate for the situation. From January 1 to December 8, 2015, SGI completed 244 interviews and manual driver history reviews.

We found that SGI's policies (e.g., the procedure manual) did not set out expected timelines for completion of interviews or manual reviews. For manual evaluations (i.e., interview with driver and manual review of driver offence history) we tested, we found that SGI completed all evaluations consistent with established policy (e.g., sanctions were consistent with SGI's driver programs) except that one was not completed timely.

In our testing, we found a situation where a driver had accumulated demerit points such that the next step in the escalation process was a manual review of the driver's record. The AutoFund system added this required manual review to SGI staff's list of outstanding items (known as a work-in-progress list). At the time of the offence there was a backlog of outstanding items, and as a result the manual review was completed 20 business days after the offence was entered into the system.

In total, 10 of 29 manual reviews we tested were completed more than 10 business days after drivers reached the manual evaluation sanction (i.e., offence occurred to accumulate demerit points). These 10 manual reviews occurred from 11 – 34 business days after drivers reached the manual review sanction.

Failure to complete evaluation of driver information timely increases the risk that unsafe or high-risk drivers will remain driving on Saskatchewan roads. Setting formal timelines would provide clear expectations to staff.

5. We recommend that Saskatchewan Government Insurance give staff written timeframes for completing manual evaluation of driver information.

Evaluation of Public Concerns

SGI receives information on drivers in the form of public concerns. Most of these concerns relate to medical concerns. SGI generally receives concerns about drivers from peace officers or from individuals that know the driver (e.g., family member, close friend). SGI provided guidance on its website about how the public can express concerns when a friend or family member may have medical conditions that impact their ability to drive safely (e.g., contact SGI's medical review unit).

SGI may need to seek additional information to evaluate these concerns. From January 1 to December 8, 2015, SGI received 379 medical concerns and only 13 non-medical concerns about drivers.

For public concerns we tested, we found that in all cases, SGI had investigated these concerns in accordance with SGI policies, and once it had received the information necessary to do the evaluation, SGI evaluated the concerns within two business days (i.e., timely).

4.4 Take Appropriate and Timely Disciplinary Action

4.4.1 Communications to Drivers on Disciplinary Decisions Adequate

We expected the following processes. SGI would communicate disciplinary decisions to drivers that commit driving offences. SGI would sufficiently explain the improper or high-risk driving actions or behaviour to the driver. SGI would communicate in writing, sanctions it is imposing as a result of offences committed. It would specify the date these sanctions are required to be completed.

Other than for sanctions resulting from interviews and manual reviews of driver histories, SGI used its AutoFund system to communicate sanctions to drivers. For sanctions resulting from interviews and manual reviews, we found SGI promptly communicated the results of driver interviews and manual reviews of driver histories.

For all of the communications we examined (medical and non-medical), SGI clearly set out the sanctions to the driver and included a summary of the driver's driving history (where applicable). Also, these communications stated the actions SGI required drivers to complete, and by when. For example, when the driver was suspended, the letter clearly stated the start and end date of the suspension, and actions if any the driver was required to complete to prevent further suspension. These letters included the escalation of sanctions that would occur if the original sanction was not completed and if another offence occurred.

4.4.2 Escalation of Disciplinary Actions Consistent with Established Process

We expected the following. SGI would follow its escalation processes when drivers continue to exhibit unsafe and high-risk driving. SGI would monitor that drivers completed required sanctions.

As noted in **Figure 1**, SGI has established a system to escalate sanctions for drivers that continue to exhibit unsafe and high-risk driving (i.e., commit numerous offences). SGI has programmed its AutoFund system to administer this system of escalating sanctions and to monitor that drivers complete required sanctions.

When SGI imposes a sanction against a driver, Driver Programs staff input deadlines for completion of the sanction into the AutoFund system (either automatically generated for an automated sanction or manually input by Driver Programs staff for an interview or manual driver history review). If the system is not notified that the driver completed the sanction prior to the deadline, the AutoFund system automatically suspends the driver and generates a letter communicating this to the driver. SGI also provides reminder letters to drivers of required sanctions prior to the deadline.

For example, if a driver is required to take a Defensive Driving Course (DDC), the system determines the course completion deadline, which is typically three months after the sanction is communicated to the driver. If the DDC instructor does not provide course results to SGI indicating the driver completed the course, the system automatically suspends the driver the day following the deadline and generates a letter communicating this to the driver.

We reviewed the programming of the AutoFund system and tested a sample of drivers. We found the AutoFund system suspended driver's licences when required sanctions were not completed by the deadline.

Also, we tested a sample of drivers that exhibited unsafe or high-risk driving behaviour that had progressed through SGI's escalation system to the interview or manual review of driver history stages. At the time of our audit, there were approximately 665 drivers at the manual review, interview, or 180-day suspension sanction stage. During our testing, we noted that SGI escalated sanctions to drivers in accordance with its established process.

5.0 SELECTED REFERENCES

Provincial Auditor of Saskatchewan. (2015). *2015 Report - Volume 1, Chapter 15 – Saskatchewan Government Insurance (Monitoring Certified Vehicle Inspection Stations)*. Regina: Author.

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Chapter 16
Saskatchewan Legal Aid Commission—Providing Legal Aid Services

1.0 MAIN POINTS

Legal aid is an important feature of a democratic society, aimed at helping to promote fair and equitable access to justice and the legal system. Legal aid involves providing publicly funded legal services to persons who otherwise cannot afford them.

Under *The Legal Aid Act*, the Saskatchewan Legal Aid Commission (Commission) is responsible for providing publicly funded legal aid services. The Commission provides legal aid services primarily through staff at its head office and 14 area offices located throughout the province. It handled over 14 thousand cases in 2014-15.

For the 12-month period ended January 31, 2016, the Commission had, other than the following, effective processes to provide legal aid services to eligible persons.

The Commission needs to clearly set out what it views as timely and quality legal aid services. This will enable it to better assess its success in providing such services.

Also, the Commission needs to keep key information about legal aid cases in its electronic case management system up-to-date (e.g., status of cases). Keeping up-to-date information in its system would enable centralized monitoring of lawyer caseloads, and accurate reporting of the timeliness of legal aid services.

The Commission also needs to formally evaluate, at least annually, the performance of staff lawyers. Written performance evaluations can provide staff with useful feedback on the quality and timeliness of legal aid services and support a culture of professional engagement.

2.0 INTRODUCTION

This chapter reports the results of our audit of the effectiveness of the Commission's processes, for the period of February 1, 2015 to January 31, 2016, to provide legal services to eligible persons. **Section 5.0** contains definitions relevant to the audit.

2.1 Incidence of Crime in Saskatchewan

In 2014, Saskatchewan experienced a crime rate of 10,505 per 100,000 population.[1] Based on 2014 statistics, while Saskatchewan's crime rate is dropping, it remains significantly higher than the national average of 5,046 per 100,000 population.[2] Research shows impoverished people are particularly prone to legal problems and may have difficultly affording legal services.[3]

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[1] www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/legal50c-eng.htm (9 December 2015).
[2] Ibid.
[3] Prairie Research Associates, *Maximizing the Federal Investment in Criminal Legal Aid*, (2014), p. 4.

Legal aid promotes access to justice for economically disadvantaged persons, and helps ensure the fairness, relevance, and accessibility of the justice system. Having reasonable access to justice promotes public confidence in the justice system.[4] Effective legal aid services help economically disadvantaged persons be more informed, aware of their legal rights, and able to have proper defence in the courts. Without legal aid, there is an increased risk of compromising people's legal rights.

Research shows restricted access to justice can have a variety of negative outcomes – from poor health to increased social isolation and conflict.[5] Timely access to legal aid services improves the effectiveness of the justice system (e.g., may reduce time a person is held in custody, may resolve cases faster, may provide protection such as a restraining order sooner to individuals).

Research also shows that clients who receive legal advice fare substantially better in court proceedings than those who do not get legal advice.[6] The effects of self-represented individuals in the courts are many, and may include:

- Increase in court delays
- Reduced possibility of early resolution
- Potentially unjust results (e.g., higher rates of remand, harsher sentences, inappropriate guilty pleas, and wrongful convictions), all of which can increase court-system and correctional costs
- Tying up police officers and social workers with court delays, contributing to inefficiencies in the use of these resources[7]

2.2 Legal Aid Services in Saskatchewan

The Commission provides publicly funded legal services to persons who otherwise cannot afford them. Persons in need of legal aid typically represent the more vulnerable in society.[8]

As shown in **Figure 1**, the Commission provides more than legal assistance to persons appearing before the courts. It provides varying levels of legal services that include civil (e.g., family) and criminal (including both adult and youth) matters. As the level of intensity of its service increases, the number of individuals eligible to receive those services decreases. It makes basic legal information widely available on its website, and provides full legal representation only to persons who meet eligibility guidelines.

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[4] www.justice.gc.ca/eng/fund-fina/gov-gouv/aid-aide.html (1 December 2015).

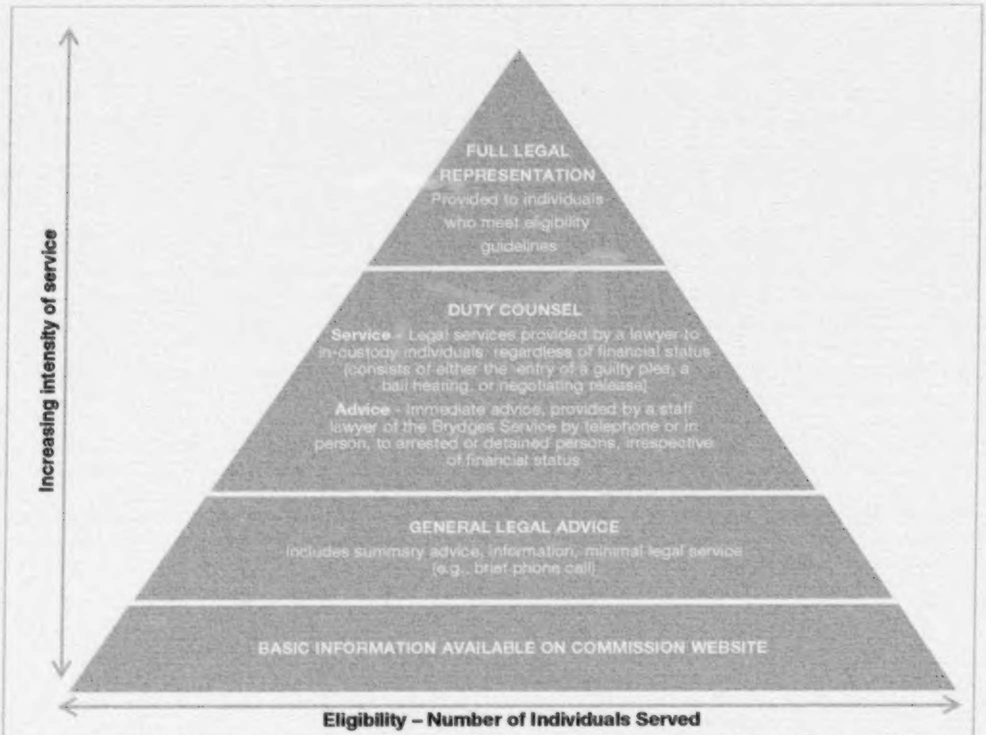
[5] Legal Aid Directorate - Deputy Minister Advisory Panel on Criminal Legal Aid, *Report on the Deputy Minister Advisory Panel on Criminal Legal Aid*, (2014), p. 21.

[6] Canadian Practice Association, *Moving Forward on Legal Aid*, (2010), p. 2.

[7] Legal Aid Directorate – Deputy Minister Advisory Panel on Criminal Legal Aid, *Report on the Deputy Minister Advisory Panel on Criminal Legal Aid*, (2014), p. 21.

[8] Victorian Auditor-General, *Access to Legal Aid*, (2014), p. 1.

Figure 1—Intensiveness and Eligibility of the Commission's Legal Services


FULL LEGAL REPRESENTATION
Provided to individuals who meet eligibility guidelines
DUTY COUNSEL
Service - Legal services provided by a lawyer to in-custody individuals regardless of financial status (consists of either the entry of a guilty plea, a bail hearing, or negotiating release)
Advice - Immediate advice, provided by a staff lawyer of the Brydges Service by telephone or in person, to arrested or detained persons, irrespective of financial status
GENERAL LEGAL ADVICE
Includes summary advice, information, minimal legal service (e.g., brief phone call)
BASIC INFORMATION AVAILABLE ON COMMISSION WEBSITE
Increasing intensity of service
Eligibility – Number of Individuals Served

Source: Adapted from Legal Aid Saskatchewan website and Legal Aid Saskatchewan, *2014-15 Annual Report*.

Under *The Legal Aid Act*, the Commission is responsible for providing full legal representation to persons, with respect to civil matters and criminal matters (where those persons are charged with matters that could result in jail time), and who are financially unable to secure those services with their own resources. Since the 2008 amendments to the *Legal Aid Regulations*, all Saskatchewan youth (i.e., persons under 18 years of age) are eligible for services when charged under *The Youth Criminal Justice Act (Canada)*.

On July 1, 2014, the Commission revised the financial eligibility thresholds used to determine who is eligible to receive services to expand its services to more individuals.[9] It considers persons financially eligible if they: [10]

- Receive Saskatchewan social assistance from Social Assistance Program, Saskatchewan Assured Income Disability, or Saskatchewan Income Plan for Seniors
- Receive band funding from Indigenous & Northern Affairs Canada Income Assistance Program[11]

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[9] www.legalaid.sk.ca/legal_help/eligible.php (10 December 2015).

[10] Under *The Legal Aid Act*, the Commission may establish procedures to determine the eligibility of applicants for legal aid services. This includes setting financial thresholds for income.

[11] To support low-income First Nations people, the Federal Government (through Aboriginal Affairs and Northern Development Canada) provides an income assistance program with the purpose of alleviating extreme poverty by providing a monthly payment to people with little or no income. Its broad objective is to provide individuals and families with the means to meet basic needs for food, clothing, and shelter.

- Have income levels below specified financial thresholds (e.g., yearly income of less than $11,820 for a single person; less than $18,480 for a family with one child)
- Have income levels within 10% of the specified financial thresholds and contribute to the cost of the legal services received

As shown in **Figure 2**, the Commission primarily uses salaried staff to deliver legal services. It uses private-practice lawyers where staff has conflicts of interest (real or perceived) with a case, or if staffing allocations preclude it providing timely legal aid services to an eligible individual (client).

Figure 2—2013-14 Provincial/Territorial Legal Aid Commission Legal Services Expenditures Broken down by Commission Staff Lawyer and Private-Practice Lawyer Costs

Jurisdiction	Staff direct legal service expenditures	Private law firm legal service expenditures	Total legal service expenditures	% of direct legal service expenditures	2014 Population
			(in thousands)		
Saskatchewan	**$ 18,563**	**$ 2,630**	**$ 21,193**	**88%**	**1,122.3**
Newfoundland and Labrador	$ 12,190	$ 389	$ 12,579	97%	529.1
Prince Edward Island	$ 1,654	$ 202	$ 1,856	89%	146.2
Yukon	$ 1,573	$ 201	$ 1,774	89%	37
Nova Scotia	$ 17,323	$ 4,217	$ 21,540	80%	942.4
New Brunswick	$ 4,938	$ 1,782	$ 6,720	73%	754.6
Northwest Territories	$ 2,190	$ 811	$ 3,001	73%	44
Nunavut	$ 4,174	$ 1,780	$ 5,954	70%	36.1
Quebec	$ 84,597	$ 59,473	$ 144,070	59%	8,214.9
Manitoba	$ 13,150	$ 11,319	$ 24,469	54%	1,280.2
Alberta	$ 28,183	$ 40,199	$ 68,382	41%	4,120.9
Ontario	$ 93,885	$ 192,073	$ 285,958	33%	13,677.7
British Columbia	$ 5,178	$ 62,331	$ 67,509	8%	4,638.4

Sources: Statistics Canada, *Legal Aid in Canada*, (2013-14) and Statistics Canada, *Population by year, by province and territory (Number)*, (2011-2015).

The Commission provides legal services through its head office in Saskatoon and 14 area offices. The location of its area offices align with courts throughout the province. The Commission employs over 80 staff lawyers located throughout the province to provide full representation for cases within the Commission's range of service.[12] A Legal Director at each area office oversees staff lawyer work. In 2014-15, the Commission's legal services (i.e., salaries and benefits, provision of legal services, area office administration, and travel) cost $23.3 million.[13] The Commission's revenue for 2014-15 was $23.5 million, including $23.3 million of grants from the Ministry of Justice.

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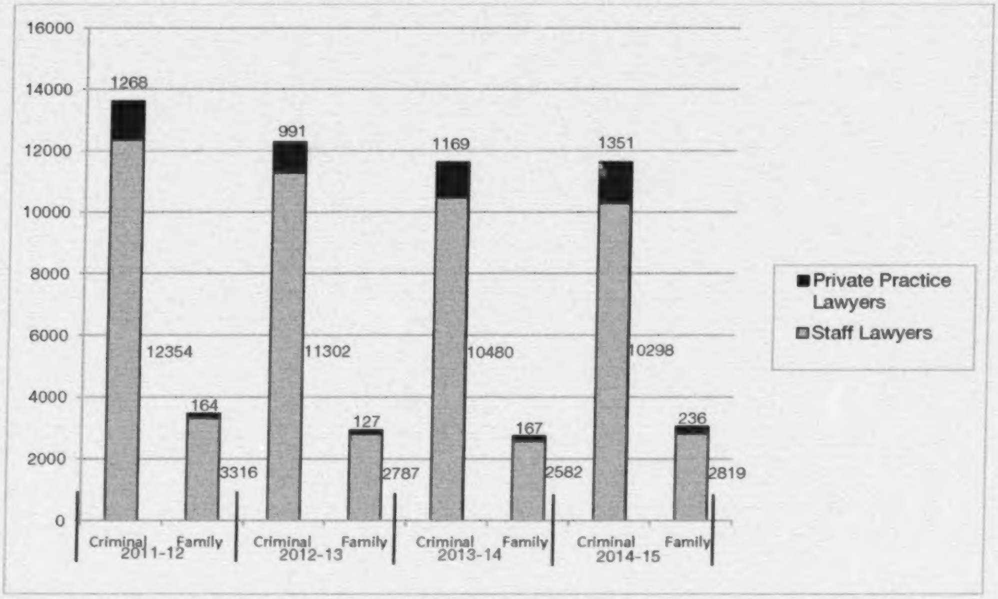
[12] www.legalaid.sk.ca/about/legal_services.php (30 November 2015).

[13] Legal Aid Saskatchewan, *2014-15 Annual Report*, (2015), p. 11.

In 2014-15, the Commission's staff lawyers handled 91% (2013-14: 91%) of cases, with 112 private-practice lawyers (2013-14: 91 lawyers)[14] handling the remainder[15] at a cost of $3.0 million.[16] As shown in **Figure 3**, over the last four years, criminal cases have generated the majority of the Commission's workload for legal aid services. Full representation cases have declined over the same period.

Figure 3—Number of Full Legal Representation Cases Opened in the Fiscal Years 2011-12 to 2014-15



Source: Adapted from Legal Aid Saskatchewan *2014-15 Annual Report*, p. 7.

Eligible individuals rely on the Commission to provide effective legal services. Providing effective legal services helps avoid adverse impacts on a clients' experiences and outcomes of court proceedings.

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of the Saskatchewan Legal Aid Commission's processes, for the period of February 1, 2015 to January 31, 2016, to provide legal services to eligible persons.[17]

We did not examine files for individuals charged under *The Youth Criminal Justice Act (Canada).* In addition, we did not examine or question the advice or decisions of individual staff lawyers or individual private-practice lawyers employed by the Commission.

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[14] Ibid., p. 1.
[15] Ibid.
[16] Based on information provided by management of the Commission.
[17] For the purposes of the audit, eligible persons are those who meet the eligibility criteria prescribed by the Commission as set out in *The Legal Aid Act* and *The Legal Aid Regulations, 1995* (e.g., full representation for those who are financially unable to obtain those services themselves). Legal services are those designated in *The Legal Aid Regulations, 1995.*

We examined the Commission's policies and procedures (e.g., related to applications, eligibility, use of private-practice lawyers, quality assurance). We also reviewed key documents, manuals, and publications. We interviewed staff at both head office and the area offices. In addition, we sampled eligibility applications for individuals receiving legal aid services from the Commission respecting the confidentiality of client information throughout our audit.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Commission's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. The Commission's management agreed with the criteria (see **Figure 4**).

Figure 4—Audit Criteria

1. **Plan for provision of legal aid services**
    - 1.1 Assess need for legal aid services
    - 1.2 Identify barriers to provide accessible legal aid services
    - 1.3 Use information gathered in environmental scan to develop strategies
    - 1.4 Set policies and procedures to deliver legal aid services in accordance with law
    - 1.5 Develop performance measures and targets to guide and evaluate service delivery
    - 1.6 Allocate resources
2. **Deliver legal aid services to eligible applicants**
    - 2.1 Intake and prioritize eligible applicants
    - 2.2 Provide timely legal aid services to eligible applicants in accordance with law
    - 2.3 Administer timely appeals to address disputes regarding eligibility
    - 2.4 Monitor legal services provided by private-practice lawyers
    - 2.5 Review quality and timeliness of staff lawyer work
3. **Monitor performance in the provision of legal aid**
    - 3.1 Collect key information based on selected performance measures
    - 3.2 Assess results against performance targets
    - 3.3 Address areas where results fall short of targets
    - 3.4 Report results to senior management, the Commission, and publicly

We concluded that, for the period of February 1, 2015 to January 31, 2016, the Saskatchewan Legal Aid Commission had, other than for the following, effective processes to provide legal services to eligible persons. The Saskatchewan Legal Aid Commission needs to:

- **Set expectations for quality and timely legal aid services, report on differences between actual and expected results, and plan to address shortfalls**

- **Electronically capture data on the status of case files**

- **Annually evaluate performance of staff lawyers**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations) and our key findings along with related recommendations.

4.1 Legal Aid Service Expectations Need to be Set

4.1.1 Environmental Scanning Completed and a Strategic Plan Created

We expected the Commission to perform environmental scanning activities including:

- *Regular assessment of the drivers (factors) influencing the demand for legal aid services*
- *Assessment of the level and type of need for legal aid services*
- *Regular review of programs and services to determine whether there are any gaps in delivery*
- *Regular assessment of organizational risks and opportunities*
- *Periodic identification of barriers that can restrict access to legal aid services*

We expected the Commission to use information gathered as part of its environmental scan to develop strategies. We expected decisions made to be evidence based.

The Commission uses a variety of channels to gather information on drivers influencing the need for legal aid services (e.g., involvement in national committees, completing a strengths/weaknesses/opportunities/threats [SWOT] analysis). Additionally, the Commission reviews information outlining the need for legal aid services through Statistics Canada reports (e.g., police reported crime statistics and adult criminal court statistics).

The Commission completes an annual threat and risk assessment each year. The annual assessment typically considers risks related to the Commission's assets, electronic files, human resources, and finances. Also as part of the 2015-16 budget submission, the Ministry of Justice required the Commission to submit a SWOT analysis and information on some key risks. The risk analysis information submitted identified the top three risks affecting the Commission – these risks were consistent with those in its annual threat and risk analysis.

Using this information, the Commission revisits its strategic plan on a three-year cycle. Its current strategic plan covers 2014 to 2017. The Plan outlines the Commission's goals, strategic priorities, and definitions of success (performance measures). The Commission reports on performance measures in its annual report.

The Commission reviews its programs and services using a combination of internal and external sources. We found that head office staff, with assistance from area office staff, performed operational reviews at each area office. The reviews covered: the structure within the area office, the current assignment of duties and caseloads, and the staff's perception of the client experience. Head office staff gave the results of the reviews to the Legal Directors at each area office. The results included a summary of findings, observations, and recommendations to address identified gaps in service, if any.

The Commission identifies barriers to accessing legal aid services through a number of channels (e.g., involvement in national committees, consultations with Legal Directors, periodic client satisfaction surveys [last completed in July 2013], and periodic employee engagement surveys [last completed in January 2015]). Barriers identified included transportation, language, literacy, and ability to contact clients.

We found that the Commission developed action plans to address priority barriers. For example, it had strategies to improve the way staff contacts clients, such as using text messages where possible.

Also in July 2014, the Commission completed a review of its client financial eligibility guidelines (which set limits to who can access legal aid services). As a result, the Commission revised its eligibility guidelines and increased the maximum amount of income[18] an eligible applicant may earn. Also as part of this review, management estimated potential increases for its services given these revisions.

4.1.2 Policies and Procedures Require Updating

We expected the Commission to maintain up-to-date policies and procedures to guide the provision of legal aid services.

The Commission has an *Eligibility and Legal Services Delivery Manual* to guide its provision of legal aid services. The Manual contains policies on areas such as application procedures, financial eligibility, range of services, private-practice lawyers, appeals, withdrawals of service, complaints, and file administration. The Commission's Board approves key policies.

We found the Manual is outdated, as it does not reflect the Commission's recently approved policies and forms. Many sections of the Manual were last updated 15 years or more ago.

Management indicated it provides staff with current guidance in key areas where the manual is not up to date. For example, the Commission posts current eligibility guidelines and private-practice lawyer appointment information on its public website, as well as a frequently asked questions section on its staff-accessible website.

However, having conflicting and outdated policies and guidance available to staff may create confusion. It may also increase the risk of staff using outdated guidance that may result in providing services to ineligible clients.

1. **We recommend that the Saskatchewan Legal Aid Commission update its policies and procedures guiding the provision of legal aid services and obtain Commission approval of key policy revisions.**

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[18] For example, the maximum amount a single person can earn increased to $11,820 from $9,420.

Management advised us that it is currently undertaking a comprehensive policy review. It expects to complete this by March 2017.

4.1.3 Electronic System to Monitor Caseload Not Updated

We expected the Commission to effectively match available supply for legal aid services with demand (e.g., determining area office location, number of lawyers needed, service delivery mix).

As shown in **Figure 2**, legal aid plans across Canada use a mixed service delivery model in which both staff and private-practice lawyers provide legal aid services. The Commission's model uses primarily staff to provide services. In 2014-15, the Commission's staff lawyer expenditures represented 86% (2013-14: 88%) of the total amount spent on legal aid services.

The Commission has an electronic case management system (Legal Aid Information Network [LAIN]) to help track its work on individual legal cases. The Commission collects certain information on applicants and client files through LAIN.

LAIN can capture eligibility information on all applicants and the date the applicant was determined as eligible. It also can capture details on criminal charges or family services to be provided, court appearance dates, meeting dates with clients, completion of cases, or reasons why cases did not continue (e.g., client abandonment).

We observed head office staff and Legal Directors primarily use informal methods to monitor caseload assignments of staff lawyers given summarized caseload data available. They periodically receive information from LAIN on the caseloads for their area office. Legal Directors use this information to determine the location and number of lawyers needed at each area office's court points (i.e. the court where a lawyer generally works).

However, we found some staff do not keep LAIN up to date. Legal Directors from area offices across the province agreed. For example, about one-quarter of the adult criminal court cases[19] in LAIN have been open for more than twice the length of time of the Statistic Canada's 2013-14 median length of court case time of 71 days for Saskatchewan. [20] We sampled case files shown as open for more than 180 days in LAIN. We found almost one quarter did not have their status up to date in LAIN and should have been closed.

Staff lawyers not keeping LAIN up to date, as required by policy, provides an inaccurate picture of lawyer caseloads (it makes caseloads look larger). Because of the volume of case files, lack of accurate summarized caseload data in LAIN increases the risk of ineffective monitoring and allocation of resources to the right place at the right time.

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[19] Adult criminal court cases represented 70% of the Commission's work in 2014-15.

[20] The median length of court time comes from Statistics Canada, *Adult criminal court statistics in Canada, 2013/2014*, (2015), p. 18. Statistics Canada counts court time as the time from the first court appearance to final decision.

2. We recommend that the Saskatchewan Legal Aid Commission use its electronic case management system to capture accurately the status of legal aid cases in a timely manner to facilitate monitoring of lawyer caseloads.

Generally, Legal Directors assign lawyers to handle cases that are at their court point. If Legal Directors identify a spike in caseloads in a particular area office, they work with head office staff to determine whether the area office needs additional resources, or if it can share the work with another area office.

4.1.4 Need to Set Expectations for Delivering Timely and Quality Legal Aid Services

We expected the Commission would define the timeliness and quality of legal aid services it expects to deliver and how it intends to measure to see if it is meeting that expectation (i.e., what will be measured, how it will be collected, and how it will be calculated).

Several years ago, the Commission developed measures to help evaluate its success in providing legal aid services. It decided to measure several quality and client-focused (e.g., timeliness) aspects of how it delivers legal aid services. The Commission reconfirmed those measures in its latest strategic plan (see **Figure 5**).

We found that the Commission set out what it wanted to measure, and what information to collect for each measure. Other than for one measure (i.e., wait time for first meeting with lawyer), its process seemed reasonable. For the wait time measure, we found head office staff estimated this measure only on May 1 each year. Instead of using data from LAIN, they took a simple average of responses from Legal Directors at each area office on their estimate of the length of time they thought it took a client to meet with a lawyer for the first time.

We note that LAIN can track the actual length of time clients had to wait for their first appointment with a staff lawyer. Similar to not keeping status of cases up to date, legal aid staff did not enter meeting date information into LAIN. Using actual waiting time information would yield a more meaningful measure of timely provision of legal aid services. (See **Recommendation 2**)

Figure 5—Definitions of Success Related to Provision of Legal Aid Services

Client-Focused Service Measures

- Wait time for first meeting with lawyer [as of May]
- Number and relative proximity of physical access points for clients
- Appropriate proportion of family law and criminal cases
- Number of lost clients [discontinued applications and client abandoned files]

Quality and Perceived Quality of Service Measures

- Appropriate number of cases per office
- Appropriate number of cases per lawyer
- Appropriate level of professional development for staff
- Number of complaints received

A Healthy Organization Measures

- Budget to actual expenditure variance
- Appropriate staff retention rates
- Employee absences
- Employee engagement

Source: Legal Aid Saskatchewan *2014-17 Strategic Plan*.

We also found the Commission does not collect and measure adequate information on the timeliness of legal aid services. For instance, its only timeliness measure is the length of time clients had to wait for their first appointment with a staff lawyer (i.e., wait time for first meeting with lawyer). As **Figure 5** shows, many of the Commission's measures track the extent of services it provides (e.g., the number of case files).

We found that other Canadian legal aid jurisdictions have additional measures for evaluating timeliness and quality of legal aid services. They also set expectations (referred to as targets) for their measures.

For example, Legal Aid Ontario evaluates timeliness by measuring phone call wait time against targets,[21] percentage of same day decisions on eligibility,[22] and wait time against target for area office appeals.[23] Also, Legal Aid Ontario and the Legal Services Society of British Columbia use periodic client surveys to measure the quality of the legal aid services they provide.

In addition, for several measures, the Commission had not set clear expectations (i.e., the amount it is striving to achieve). For instance, it has not set out what it considers an appropriate number of cases per office or per lawyer.

Setting clear expectations helps determine the extent of effort and resources needed to reach the desired results. Setting clear written expectations for timely and quality legal aid services would also allow the Commission to identify and address factors inhibiting the effective provision of legal aid services. It would allow the Commission to better plan for and gauge its success.

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[21] This performance measure is defined as the time spent waiting on the phone to apply for service. The targets set include the maximum number of minutes based on type of call.

[22] This performance measure is defined as the percentage of applicants receiving a decision on their eligibility the same day they applied for legal aid services. The target is to improve over last year.

[23] This performance measure is defined as the wait time between applying for the appeal and the decision. The target set is for an appeal to be heard within three days.

3. We recommend that the Saskatchewan Legal Aid Commission set expectations to assess the quality and timely delivery of legal aid services.

4.2 Legal Aid Services Delivered to Eligible Applicants but Staff Evaluations Needed

4.2.1 Processes to Verify Client Eligibility Followed

We expected the Commission to:

- *Establish a triage and intake process*
- *Provide timely legal aid services to eligible applicants in accordance with legislation (e.g., income/asset thresholds, range of service)*

The Commission has policies and procedures for triage and intake of legal cases. These are set out in its *Eligibility and Legal Services Delivery Manual*. The Commission's website describes the application process and includes a copy of its standard application form. The Commission requires applicants to provide the information listed on the form when applying for legal aid. Applicants can apply in person, online or over the phone. Generally, management expects staff to process completed applications the same day they are received.

We found that legal aid staff assess the completed application form against eligibility requirements. At this stage, it does not confirm whether applicants receive social assistance or their income and assets. Staff enter the application information into LAIN and assign a staff lawyer.

We assessed how long it took staff to assess and approve a sample of applicants for services. We found the Commission approved 42% of applications on the same day of receipt; for the remaining 58%, it approved applications on average of 10 days after receipt.

Each month, staff test a random sample of 50 applications[24] to confirm clients were eligible to receive legal aid services. Staff independently confirms whether applicants receive social assistance or their income and assets (resources).

For 2014-15, staff found for 3% of client files tested, clients were not eligible for service based on the confirmed amount of resources (2013-14: 4%). For each of these cases, the Commission had provided minimal services from a staff lawyer (i.e., generally less than one hour of service provided in each case) (2013-14: similar finding to 2014-15). This is less than its 5% acceptable eligibility error rate (i.e., the percentage of clients later determined as not being eligible to which it provided services). Management reports the results of its testing to the Commission's Board annually.

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[24] When the Commission establishes the sample size and acceptable error rate, it recognizes the trade-off between the cost of testing eligibility of applicants (i.e., verifying additional applications takes time away from providing legal aid services), the risk of ineligible applicants, and the importance of providing timely legal aid services.

We assessed whether services were provided to eligible applicants (e.g., eligibility assessment based on age, source of income/maximum income and asset thresholds, and scope of service request is within the range of services set in law). All applicants we sampled met the eligibility criteria.

We found that the Commission relies on the professional judgement of staff lawyers to decide which assigned cases to handle first. Management indicated this approach provides staff lawyers' flexibility to deal with situations that arise. At January 2016, its staff lawyers had on average 20 years of professional experience.

4.2.2 Complaints Regarding Eligibility Addressed Timely

We expected the Commission to implement a process to administer appeals regarding eligibility in a timely manner.

The Commission's *Eligibility and Legal Services Delivery Manual* set out procedures to address eligibility complaints from applicants. The Manual describes the complaints process. Applicants can submit a complaint when they think the Commission made an error in determining their eligibility.

The Commission expects to review a complaint within two weeks of receipt of a completed complaint form. When the Chief Executive Officer denies an eligibility complaint for services, the applicant can launch, within 20 days after the Chief Executive Officer's decision, a secondary appeal (only for a family matter on financial eligibility) to an independent Civil Appeal Committee.

Over each of the last four years, the Commission denied legal aid to about 14% of all full service applications (i.e., between 2,300 to 3,000).[25] When it denies legal aid, the Commission expects legal aid staff at each area office to communicate with each denied applicant and give them a complaint form.

Over each of the last four years, the Commission received complaint forms from about 30% of denied applicants (i.e., between 650 to 820 complaint forms).[26] The Chief Executive Officer reviews the documents and decides on the complaint. For complaints we tested, we found the Chief Executive Officer responded to complaints within six business days. Typically, about 32% of complaints result in the Commission providing legal aid services (about 130-200 applicants that complain each year).[27]

The Civil Appeal Committee decided on 11 secondary appeals in 2014-15. The Committee granted four of these appeals and the Commission provided the legal aid services.

4.2.3 Legal Services Provided by Private-practice Lawyers Effectively Monitored

We expected the Commission to implement a process to properly approve private-practice appointments. We also expected the Commission to have appropriate controls

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[25] Legal Aid Saskatchewan, *2014-15 Annual Report*, (2015), p. 7.
[26] Ibid.
[27] Ibid.

over private-practice billing and payment (e.g., lawyer is on the list of private-practice lawyers, billings reviewed, services received reviewed, billings approved).

The Commission appoints private-practice lawyers where a conflict of interest with a client exists, or a staff vacancy exists that would prevent providing timely legal aid. It has policies to guide this process.

The Commission pre-approves lawyers to conduct legal aid work and keeps a list of approved private-practice and staff lawyers. Interested private-practice lawyers must complete standard applications. The Commission's website provides information on the process and the standard application form. Lawyers record, on their completed application, their knowledge, skills, and abilities, and areas of practice. Commission staff review applications and recommend lawyers for approval to the Chief Executive Officer.

Legal Directors, located at each of the 14 area offices, use the list to assign client cases to specific staff lawyers or private-practice lawyers.

For private-practice appointments we tested, we found private-practice lawyers were on the approved list and the reason for their appointment made sense.

The Commission pays private-practice lawyers a set tariff fee. The tariff fee is either a flat fee or an hourly fee of $88 per actual hour worked up to a set maximum number of hours based on the type of offence/civil matter. The Commission may adjust the maximum hours due to the nature of the offence or complexity of the case.

Commission staff review and approve private-practice lawyer invoices. For private-practice billings we tested, the amounts charged were within tariff fees and support was submitted along with the billings. Commission staff verified and approved these billings.

4.2.4 Staff Performance Evaluations Needed

We expected the Commission to maintain a staff lawyer quality assurance program (e.g., quality, timeliness). A quality assurance program includes processes to maintain standard file documentation, provide professional development opportunities, provide adequate staff supervision, and evaluate staff performance.

Staff lawyers have the discretion to decide the structure and content of their client files. They are subject to the Law Society of Saskatchewan's standards and regulatory processes.

The Law Society can perform quality review of the Commission's case files. The last review completed at the Commission was about 15 years ago.

The Law Society also requires every lawyer to complete 36 hours of accredited continuing professional development activities in a three-year period.[28] The Commission requires lawyers to be in good standing with the Law Society including meeting their continuing professional development requirements.

The Commission requires the Legal Directors at each area office to supervise staff lawyers, monitor caseloads, and assign the work. Regina, Saskatoon, and Prince Albert area offices each has on average 12 staff lawyers and 1 Legal Director. Each of the other 11 area offices has on average 3 staff lawyers and 1 Legal Director.

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[28] www.lawsociety.sk.ca/continuing-professional-development/cpd-program/program-overview.aspx (23 March 2016).

Staff lawyers and other legal aid staff are unionized. The collective bargaining agreement in place between the Commission and the union representing staff lawyers and other legal aid staff at January 2016 requires the review of work of every staff lawyer once a year.[29]

Legal Directors indicated they review client files of particular staff lawyers upon receipt of complaints, or if they become aware of poor court proceedings. Legal Directors indicated these situations rarely occur.

We found Legal Directors conducted formal performance evaluations on staff lawyers only during their probationary period. They did not conduct formal (written) annual evaluations afterwards.

Periodic written performance evaluations are a useful tool to provide feedback on the quality and timeliness of legal aid services of staff lawyers. They also allow taking of timely corrective action and, overall, promote a supportive culture of professional engagement.

4. **We recommend that the Saskatchewan Legal Aid Commission conduct written annual performance evaluations of its lawyers.**

The Commission uses the number of complaints received about its work as a measure of the quality of its services. The Commission has procedures to address complaints (see **Section 4.2.2**).

The Commission also assesses the complaints referred to it by the Minister of Justice and the Provincial Ombudsman. Over the last four years, the complaints have ranged from 35-67 annually.[30] The Commission indicated that the complaints are most often about the denial of legal aid services.

4.3 Better Legal Aid Services Results Reporting Needed

We expected:

- *Key performance information related to providing legal aid services to be collected*
- *Established performance measures aligned with organizational goals*
- *Results to be compared against performance benchmarks*

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[29] A committee composed of General Counsel to the Commission and the Legal Director shall, once a year, review the work of every lawyer and such lawyer shall be advised in writing if their work is deemed to be acceptable up to the date of such review.

[30] Legal Aid Saskatchewan, *2014-15 Annual Report*, (2015), p. 10.

- *Timely action to be taken to address areas related to legal aid services that fall short of established benchmarks*
- *Key performance indicators regularly reported to senior management, the Commission, and publicly*

We expected the Commission to report its performance measures in a way that an informed reader could understand. We expected them to state the source of the data and disclose any significant limitations. We also expected the Commission to explain any progress against expectations including major events or situations that influence the results.

To report on results for its measures, the Commission uses information collected in LAIN or its financial system. As noted in **Section 4.1.3**, some staff are not keeping LAIN up to date. They did not record in LAIN when they completed files (status). Not documenting file completions resulted in reporting inaccurate information for various legal aid service measures in **Figure 5** (i.e., the number of discontinued applications, client abandoned files and full service cases closed).

The Commission presented three- or four-year trend information for most measures in its annual report. The Report does not clearly describe its actual progress against expectations because it had not set clear expectations for its delivery of legal aid services. As a result, it is difficult to determine whether the Commission delivered timely and quality legal aid services.

Providing reasons for key differences between expected and actual results facilitates informed decision-making. It also aids in determining action plans to address services that did not meet expectations.

5. **We recommend that the Saskatchewan Legal Aid Commission publish reasons for key differences between actual and expected results for legal aid services and establish actions to address shortfalls in its plans.**

5.0 GLOSSARY

Civil Law – Deals with disputes between private parties, or negligent acts that cause harm to others. Examples include: divorce, custody matters, spousal support, and protective matters (i.e. restraining orders). The Commission provides services in these areas however it does not deal with the division of family property.

Criminal Law – Deals with acts of intentional harm to individuals. Examples include assault, theft, break and enter, fraud, and impaired driving causing bodily harm.

Duty Counsel Service – Legal services provided by a lawyer to in-custody individuals regardless of financial status (consists of either the entry of a guilty plea or a show cause hearing or negotiating release).

Full Legal Representation – Legal services provided by a lawyer to a client until legal problem is resolved.

Legal Services – As defined in *The Legal Aid Act*, means any services designated in the regulations and includes related services but does not include fee-generating services.

Phone Service (Brydges) – Immediate (although temporary) legal advice by telephone, to any person who is arrested or detained. The Commission provides this service 24 hours a day, 7 days a week to those who have been arrested. This service is referred to as "Brydges" per the Supreme Court of Canada decision *R. v. Brydges*.

Remand – Held in custody while awaiting trial or sentencing.

Summary Advice – Lawyer's opinion based on the facts of a legal situation is summary advice. The lawyer may suggest steps to take for a case, such as needed evidence. The lawyer can also provide procedural information.

6.0 SELECTED REFERENCES

Action Committee on Access to Justice in Civil and Family Matters. (2013). *Access to Civil & Family Justice – A Roadmap for Change*. www.cfcj-fcjc.org/sites/default/files/docs/2013/AC_Report_English_Final.pdf (24 September 2015).

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Chapter 17
Social Services—Protecting Children-in-Care Information in the Linkin System

1.0 MAIN POINTS

The mandate of the Ministry of Social Services (Ministry, Social Services) is to support citizens at risk as they work to build better lives for themselves through economic independence, strong families, and strong community organizations. The Ministry assists in these efforts through income support, child and family services, support for persons with disabilities, affordable housing, and by building greater capacity in community-based organizations.[1]

The Child and Family Programs Division (CFP) of the Ministry is responsible for developing, designing, implementing, and maintaining effective programs and services for children in need of protection and their families. CFP is also responsible for the safety and well-being of children in care in Saskatchewan. The Ministry uses its electronic case management system, Linkin, to support the delivery of its programs and services for children in care.

For the 12-month period ended December 31, 2015, the Ministry had, other than the following, effective processes to protect information about children in care in the Linkin system. The Ministry needs to:

- Establish a written plan for updating its Linkin system against known security vulnerabilities; updating addresses security vulnerabilities, which reduces the risk of security breaches.

- Implement a policy requiring prompt removal of unneeded user access to Linkin to reduce the risk of unauthorized access to confidential data.

- Verify the completeness of care provider information entered in Linkin. Accurate information helps ensure children who are in care of the Minister are properly protected and cared for.

- Consistently document its review of Linkin reports designed to identify unusual payments. This documented review increases the likelihood of tasks being completed timely and as expected. It also helps reduce the risk of inappropriate payments being made.

2.0 INTRODUCTION

The Ministry has regional staff (such as caseworkers) located across the province. They provide both in-home support to families and out-of-home care to children in need of protection. Out-of-home children are sometimes referred to as children in care as they become the Minister's responsibility when they are removed from their at-risk homes and placed with foster parents or extended family. As the designate of the Minister, the role of a caseworker is to carry out parental responsibilities for the child in care (e.g., provide a home and protect the child). The primary focus is the best interest of the child in care. The caseworker must ensure that children in care receive quality care.

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[1] Ministry of Social Services, *Annual Report for 2014-15*, p. 3.

Providing services to children in care involves collaboration of various Ministry staff (e.g. caseworkers) and outside organizations (e.g., provincial courts, First Nation agencies, community-based organizations) to assess, plan, implement, coordinate, monitor, and evaluate the options and services necessary to meet the child's health and human service needs. As such, it involves case management.

This chapter reports the results of our audit of the Ministry's processes to protect information about children in care contained in its electronic case management system called Linkin. See **Section 5.0 Glossary** for definition of IT terms.

2.1 What is Linkin?

Since 2012, Social Services, (primarily CFP) has used Linkin to help caseworkers provide services to children in care and their families. As of October 31, 2015, Social Services provided services to about 2,260 families, and out-of-home care to about 4,725 children.[2]

Linkin facilitates case management. It captures key information about cases and their status. CFP initiates a case file in Linkin by recording reported information (e.g., from a teacher) about the possibility of a specific child being in an abusive or neglect situation. CFP assigns the case situation to a specific caseworker who determines the facts about the situation in stages (e.g., investigates). Where the caseworker validates the situation and determines an intervention is warranted, the case status is updated in Linkin.

Linkin also helps manage and make payments to foster homes (e.g., care providers). The Ministry pays foster parents or extended family for caring for children that the Ministry has placed into their care. For example, foster parents and extended family receive a monthly education allowance as part of their basic monthly maintenance payment for a child. The education allowance is intended to cover the cost of day-to-day, ongoing expenses associated with school attendance, such as gym clothing, school outings, etc.

Linkin includes the following case-management capabilities; it:

- Performs and tracks intake of children into Ministry care
- Creates and tracks ongoing cases and investigations
- Produces case-related forms, templates, and reports
- Enrols care providers (e.g., foster families) and tracks children with providers

Linkin holds personal information related to each child in care (e.g., who they are, where they live [e.g., with foster parents or extended family]) along with other key information (e.g., care plans for the child, court orders). It holds information that the Ministry has accumulated since 2012 (the year of implementation of Linkin). Prior to using the Linkin system, the Ministry used paper-based case management files. The Ministry continues to maintain some paper-based files for information pre-dating the use of Linkin.

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[2] Figures based on Ministry of Social Services financial and operational records as of October 31, 2015.

In November 2015, the Ministry implemented the financial component to Linkin.[3] This component generates and tracks payments to care providers (i.e., foster parents and extended families). The financial component of Linkin interfaces with the Government's key financial system[4] that issues the payment (e.g., cheque or electronic fund transfer), and records the payment in the Ministry's financial records. Each year, the Ministry expects to process about $90 million for payments to foster parents and extended families for children in their care through Linkin.[5]

2.2 Importance of Protecting Information in the Linkin System

The Ministry must keep personal and financial information about children in care that is held in Linkin safe from unauthorized and inappropriate access. Inadequate controls to protect the information about children in care could result in:

- Loss or misuse of personal information
- Corruption or manipulation of the information (i.e., impact the accuracy of the information)
- Fraudulent or inaccurate financial payments
- Loss of the public's trust in the Ministry's ability to protect children in its care

3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess whether the Ministry of Social Services had effective processes to protect information about children in care in the Linkin system for the 12-month period ending December 31, 2015.

Protecting information about children in care means that the information is accessed only by those who need it to perform their duties, and it is not corrupted or lost, either intentionally or inadvertently.

We examined the Ministry's policies, procedures, processes, agreements, reports, and other relevant documents related to the Linkin system. We examined how the Ministry administers using Linkin services and payments for children in care with extended families and foster families. We sampled Linkin system changes, evaluated system settings, and evaluated Linkin system users and roles. We also interviewed various Ministry staff.

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[3] Prior to implementation of the financial component of Linkin, the Ministry processed these payments through its family youth assistance program (FYAP) IT system.
[4] Multi-Informational Database Applications System (MIDAS) financials includes modules for general ledger, cash management, accounts payable, accounts receivable, purchasing, payments, forecasting, capital assets, and inventory. It accounts for financial transactions of government ministries. The Ministry of Finance owns and administers this application.
[5] Figures are based on Ministry of Social Services financial and operational records at October 31, 2015.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultation with management. The Ministry's management agreed with the criteria (see **Figure 1**).

Figure 1—Audit Criteria

1. **Set security requirements for Linkin system and data**
    1.1 Responsibilities to secure the system and data are clearly defined
    1.2 Approved security policies and procedures in place based on data classification
    1.3 System is monitored and security issues addressed
2. **Protect the Linkin system and data from unauthorized and inappropriate access**
    2.1 Logical access controls protect the system and data from unauthorized or inappropriate access (including adequate segregation of roles)
    2.2 Physical security controls protect the system and data from unauthorized access
3. **Maintain the integrity of the Linkin system and data**
    3.1 Validation processes exist and are followed (e.g., data entry controls)
    3.2 Change management processes exist and are followed
    3.3 Incident management processes exist and are followed

We concluded, for the 12-month period ended December 31, 2015, the Ministry of Social Services had, other than the following areas, effective processes to protect information about children in care in the Linkin system. It needs to:

- **Establish a written plan for securing its Linkin system against known security vulnerabilities**
- **Implement a policy requiring prompt removal of unneeded user access to Linkin**
- **Verify the completeness of care provider information entered in Linkin**
- **Consistently document its review of Linkin reports designed to identify unusual payments**

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 1**.

4.1 Plan Needed for Addressing Linkin Security Vulnerabilities

The Ministry is responsible for the security of the Linkin system (which is an IT database and application) and its data. It recognizes that the security of the Linkin system is impacted by the adequacy of the security of the computer network in which the Linkin system resides, and the security of Linkin's connections with other computer systems (interfaces).

As shown in **Figure 2**, we found the Ministry has entered into agreements with others to clarify security responsibilities related to the Linkin system and its data.

Figure 2—Key Parties with Responsibilities related to Security of Linkin

Linkin system and data	Party responsible and why	Where responsibility is defined
Users of data in Linkin	A First Nations Agency and Ministry of Social Services staff	For the First Nations Agency, agreement between the Agency and Social Services - makes the First Nations Agency responsible for adhering to Social Services security policies and practices. Social Services staff are responsible for adhering to IT policies (e.g., acceptable use policy) and carrying out their assigned roles.
Linkin application and data	Ministry of Social Services – owner of the Linkin application	Memorandum of Understanding between Social Services and Central Services - makes Social Services responsible for following Central Services' security policy. This policy makes Social Services responsible for the security of its applications (such as Linkin) and related data.
Linkin database	Ministry of Central Services - contracted by Ministry of Social Services to manage the Linkin database	Memorandum of Understanding between Social Services and Central Services – Central Services agrees to provide database services for Linkin to Social Services.
IT infrastructure that supports Linkin (e.g., server, computer network, perimeter security)	Ministry of Central Services – contracted by Ministry of Social Services to host the servers on which Linkin resides. These servers reside in a data centre operated by a private IT service provider that Central Services has engaged.	Memorandum of Understanding between Social Services and Central Services – Central Services agrees to provide network and data centre services to Social Services.
Interface of Linkin with MIDAS Financials (another IT system)	Ministry of Social Services – as owner of Linkin Ministry of Finance – as owner of MIDAS Financials	Data Sharing Agreement - Social Services and Finance signed an agreement in December 2015. This agreement sets out terms and conditions for sharing certain Linkin data.

Source: Provincial Auditor of Saskatchewan, 2016, based on agreements related to Linkin.

Also as noted in **Figure 2**, Social Services through its Memorandum of Understanding with the Ministry of Central Services (Central Services), is responsible for complying with Central Services' IT policies including its security policy and data classification policy.

Central Services' data classification policy requires ministries to consider the sensitivity and confidentiality of data, and places differing security requirements based on the data classification. Because Linkin contains highly sensitive confidential and personal information including social insurance numbers, health numbers, birthdates, and case information, the Ministry has classified the data in Linkin as Class A data.[6] We found that it had incorporated the security requirements for Class A data into the design of the Linkin system (e.g., inclusion of the use of two-factor authentication). Two-factor authentication requires something you have (e.g., a token) and something you know (e.g., password).

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[6] Class A data is considered highly sensitive personal information that, if compromised, could jeopardize an individual's safety (e.g., names and addresses of children in care). Class A security controls require unique system ID, password requirement, and two-factor authentication.

To monitor the security of the Linkin system, the Ministry receives and reviews reports from Central Services. For example, Central Services provided the Ministry with an annual security report in March 2015. This report provided an overview of security at Central Services' data centre and Ministry-specific risks for the past year. It identified one specific risk related to Linkin. Social Services received a security risk assessment from Central Services on this risk. The Ministry subsequently implemented the changes (e.g., technical and process controls) to mitigate the risk to a level acceptable to the Ministry. The Ministry indicated that it expected to receive another annual security report in the spring of 2016; it has not yet received this report at March 2016.

We assessed whether Linkin and its related IT infrastructure were being properly updated (i.e., patched) to secure it against known vulnerabilities (i.e., system weaknesses). We found that Linkin and its related IT infrastructure were patched on an annual basis, even though critical patch system updates to repair system vulnerabilities were released quarterly. We also found that, as of August 2015, the Linkin database was no longer fully supported by its vendor. This means since August 2015, the Ministry has not received patches to address known security vulnerabilities. The Ministry was not aware that the support had ended for the database that Linkin uses. As shown in **Figure 2**, the Linkin database is one component of the Linkin system. We found all other components of the Linkin system continue to receive support from its vendor.

Being aware of end-of-support dates and updating systems on a timely basis makes systems less susceptible to compromise and failure because vulnerabilities are addressed in a timely manner.

1. **We recommend that the Ministry of Social Services establish a written plan for updating its Linkin system to protect it from known security vulnerabilities.**

4.2 Need to Remove Unneeded Linkin Access Timely

The IT infrastructure (i.e., servers) for Linkin is housed in a data centre operated by a private IT service provider. Confirmed through an independent audit report of the private IT service provider, the data centre is environmentally controlled (e.g., temperature and humidity controls, fire suppression), has an uninterrupted power supply in place, and is physically secure (see **Figure 2**).

Ministry caseworkers, administrative staff, and managers use Linkin. Linkin had over 1,100 users at January 2016–with the majority of users having access to the case management component of Linkin and about 70 users for the financial component.

Linkin had approximately 20 different user roles[7] (e.g., caseworker, admin, supervisor). Specific user roles only have access to the information assigned to that role. Linkin permits only one role per user at a time. Therefore, before assigning a user a new role, the Ministry must remove the previous role.

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[7] Roles determine what a user can or cannot do within a system.

The financial component of Linkin includes a payment approval hierarchy. This hierarchy is also user-role driven. In the hierarchy, a user role cannot be vacant if there is another assigned user underneath it. We found the responsibilities assigned to user roles appropriately segregated incompatible functions (e.g., changing payment rates, adding services for payment to care providers).

To access Linkin, one must have a system user account,[8] a password, and a token.

The Ministry used a standard electronic account request form for adding, modifying, or closing Linkin user accounts. The Ministry had made six employees (business approvers) responsible for receiving, reviewing, and approving the account request forms before forwarding them to Central Services for processing. As part of this process, business approvers must assess the assigned role to the user for reasonableness. We tested a sample of 10 account request forms and found all were reviewed and properly approved.

Upon receiving the account request form for a new employee, Central Services established a network account, a Linkin account, and the Linkin application on the employee's computer. Because Linkin requires two-factor authentication, an employee must have a hard token (which is small hardware device). To access Linkin, users must enter a personal identification number (PIN) displayed on the token, followed by their user id and password. New employees receive a token and access once they have completed Linkin training. We tested a sample of new employees with access to Linkin and found that training was provided.

All caseworkers have full access (i.e., access to view and change data) to all children-in-care data in Linkin for child safety purposes. Linkin logs (track electronically) all changes to children-in-care data. We found the Ministry set file restrictions when:

- A case is highly publicized
- A conflict of interest is disclosed by a Ministry staff member

If a caseworker requires access to a restricted file, Linkin provides information as to who to contact to gain such access.

Linkin requires a supervisor to transfer all active case files to another user before closing a user's account (that is, removing unneeded user access). This requirement helps ensure the Ministry always assigns responsibility for case management (i.e., manage services provided to the child in care) to a specific caseworker. Assigning a specific caseworker helps ensure children in care receive services timely.

However, we found the Ministry had not set an expected length of time to close a user's account. For 16 out of 30 users with unneeded access we sampled, they did not have their access removed for over 10 working days after their last day of work with the Ministry. We recognize that the risk of someone inappropriately accessing Linkin is reduced by the need to have a token, which is to be returned upon termination. However, the Ministry did not have evidence that tokens were returned upon termination for all users we tested.

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[8] A user often has a user account and is identified to the system by a user name or user id.

We also found the Ministry did not consistently review user access to Linkin. At March 2016, the last time it had reviewed Linkin user access was in December 2013.

Not removing unneeded user access promptly increases the risk that case files are not being managed timely, unauthorized individuals access confidential data, and unauthorized changes are made to data.

2. We recommend that the Ministry of Social Service set out, in a policy, expected timeframes for removing Linkin user access.

4.3 Verification of Caregiver Information Needed and Sufficient Documentation Required for Linkin Payments

In November 2015, as part of its process to put the financial component of Linkin into operation, the Ministry converted certain information (e.g., list of approved foster families) from its previous payment system (FYAP) into Linkin. We found the Ministry had a conversion plan, and checked that it converted the information from FYAP into Linkin accurately and completely.

The Ministry uses Linkin to track key information about the care providers. It needs some of this information (e.g., monthly basic maintenance amount) to initiate payments to care providers related to children in care. It needs other information (e.g., names of individuals living within the foster family household) for case management purposes.

Before the Ministry adds a new provider to Linkin, staff search Linkin to make sure the provider is not already set up in Linkin. If not, staff enter information about the new provider from a paper form. A supervisor reviews and approves the information entered in the Linkin system.

We sampled 10 new providers and found 2 instances where complete information was not entered from the paper form into the Linkin system for care provider families. For example, relatives of the care provider (living in the home with the child) noted on the form were not entered. Inadequate information about individuals in the house could impact the safety of children in care (e.g., individual is restricted from being around a child). The Ministry did not follow its processes, in all cases, to make sure all key case management-related data about care providers is entered into Linkin.

Not having complete information about care providers in which the Ministry has placed children in care could impact the safety of those children.

3. We recommend that the Ministry of Social Services follow its processes to verify the completeness of Linkin case management information entered about care providers of children in care.

Linkin initiates about 4,800 payments each month related to child and family services with about $15 million of payments between November 2015 and January 2016.

The financial component of Linkin connects electronically (interfaces) with MIDAS to pay providers, and record these payments in the Ministry's financial records. The transfer of data between Linkin and MIDAS is encrypted. To protect the confidentiality of information of children in care, MIDAS records only a reference number and does not record children's names.

The Ministry has processes for validating payment data transferred from Linkin to MIDAS and looking for unusual payments. For example, it automatically delays payments for amounts exceeding $10,000 until a Ministry staff member reviews the validity of the amount. Also, it expects staff to review a report, generated each pay run. This report outlines overrides to service rates (e.g., rate set for services like clothing allowance) greater than $1,000 (i.e., payments not in line with usual payment amounts). These processes help identify specific risks associated with the payment process.

The Ministry requires staff to document their review of reports of payments not following usual payment processes. However, we found that staff did not document their review of these reports.

Having staff document the completion of key tasks increases the likelihood of tasks being completed how and when expected. Documentation also enables supervisors to monitor the completion of assigned procedures. Not documenting staff review of reports used to identify unusual payments increases the risk of inappropriate payments.

4. **We recommend that the Ministry of Social Services consistently document its review of Linkin reports designed to identify unusual payments.**

Upon the Ministry's request, Central Services is responsible for implementing requested changes to Linkin. This includes setting maximum service rates in Linkin. We sampled changes and rates, and found no issues.

The Ministry, along with Central Services, has an established process for identifying, escalating and addressing security incidents related to Linkin. We did not find any security breaches related to Linkin for the 12-month period ended December 31, 2015 (our audit period).

5.0 GLOSSARY

Application – A software program. This includes programs such as web browsers, word processors, spreadsheets, accounting programs, etc.

Database – A software program. A program that interacts with the user, the application, and the database itself to capture and analyze data.

Data Centre – A central location for computer network hardware and software, especially storage devices for data.

Encryption – A method of putting information in code so that only authorized users will be able to see or use the information.

End-of-support date – The date which all forms of services and technical support for a product ceases.

Environmental controls – The controls in place at an organization to manage risks posed by the physical location of computers or network equipment. Examples include fire suppression systems, moisture detectors, and uninterruptable power supplies.

Network – A group of computers that communicate with each other.

Patch – An update to a computer program or system designed to fix a known problem or vulnerability.

Server – A computer that hosts systems or data for use by other computers on a network.

User access controls – The controls in place at an organization to restrict use of systems or data to those who have been authorized. These include physical controls such as locked doors or cabinets, as well as computer and network controls such as establishing accounts with specific access rights, requiring passwords, etc.

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Chapter 18
Modernizing Government Budgeting and Financial Reporting

1.0 MAIN POINTS

In our *2013 Special Report – The Need to Change, Modernizing Government Budgeting and Financial Reporting in Saskatchewan* (2013 Special Report), we called on the Government to modernize its budgeting and financial reporting practices. We made 11 recommendations.

We are pleased to report that, since 2013, the Government focuses on summary budgeting and reporting. It publishes a Summary Budget, quarterly interim summary reports, and audited Summary Financial Statements. By focusing its financial information on summary budgeting and reporting, the Government reports its plans and results in a way that captures the full nature and extent of its financial activities.

The Government appropriately no longer publishes a separate budget, quarterly interim reports, or audited financial statements for the General Revenue Fund. Not providing this second set of information has helped clarify the Government's financial situation to legislators and the public.

The Government recognizes changes to the law are necessary to complete its transition to summary budgeting and financial reporting. Such changes will help remove confusion, and make summary budgeting and financial reporting practices sustainable.

2.0 INTRODUCTION

This chapter describes our first follow-up of the Government's actions on the recommendations we made in 2013 relating to modernizing its budgeting and financial reporting.

Our 2013 Special Report reported that overall budgeting and financial reporting practices used in 2013 created confusion for legislators and the public. It also reported that related Saskatchewan legislation was out of date and out of sync with other provinces. At that time, the Government used two budgets and two sets of audited financial statements to explain its financial performance.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To do our follow-up, we discussed with Ministry of Finance management the progress made in meeting our recommendations. We also reviewed legislative changes, key documents, manuals, and publications.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at April 14, 2016, and the Government's actions up to that date. We found that the Government has made progress to address our recommendations, but more work remains.

3.1 Only Summary Budget and Financial Statements Published

We recommended that the Government of Saskatchewan provide information on planned revenues and expenses in its Summary Budget using the same accounting policies and format as used for the Summary Financial Statements. (2013 Special Report; Public Accounts Committee agreement June 17, 2015)

Status – Implemented

Since March 2014, the Government has presented a single provincial budget. Included in the provincial budget are three financial statements (i.e., budget, and statements of accumulated surplus and change in net debt), and four financial schedules (schedules of public debt, pension liabilities, tangible capital assets, and revenues).

The *Saskatchewan Provincial Budget 15-16 – Keeping Saskatchewan Strong* (Summary Budget) includes the Government's planned revenues and expenses (i.e., budget) using the same accounting policies and format as the audited Summary Financial Statements with the following exception.

As the Government disclosed in this Summary Budget and most of the related budget documents, the budget did not include all of the pension expense in the determination of the annual surplus. Rather, it showed the impact of the difference in accounting as an "Adjustment to Account for Pension Costs on an Accrual Basis" in the other statements, and the schedule of pension liabilities. For 2015-16, this adjustment was $820.8 million.[1] The Government published its reasons for this exception.[2]

While the Government has clearly identified this exception and explained its rationale, we encourage the Government to limit such exceptions to avoid misunderstandings and to facilitate easy comparisons of plans to actual results.

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[1] www.finance.gov.sk.ca/budget2015-16/201516Budget.pdf pp. 75 and 77. (14 April 2016).

[2] Ibid. p. 43. "Because of the volatile, long-term and non-cash nature of the pension accrual adjustment, it is reported separately so as to not influence annual spending and taxation policy."

We recommended that the Government of Saskatchewan seek changes to current legislation to require the auditing and publication of only the Summary Financial Statements for the Government of the Province of Saskatchewan. (2013 Special Report; Public Accounts Committee agreement June 17, 2015)

Status – Implemented

In May 2014, the Legislative Assembly amended *The Financial Administration Act, 1993*. It removed the legal requirement to prepare and publish audited financial statements for the General Revenue Fund. Starting with the 2013-14 fiscal year, the Government only publishes audited Summary Financial Statements.

3.2 Summary Financial Statement Discussion and Analysis Expanded

We recommended that the Government of Saskatchewan expand the financial statement discussion and analysis about the Summary Financial Statements included in the Public Accounts – Volume 1 to include more detailed analysis of differences between budget and actual as well as reasons for trends in key financial statement items and indicators. (2013 Special Report; Public Accounts Committee agreement June 17, 2015)

Status – Implemented

Starting with the 2013-14 fiscal year in conjunction with its focus on summary financial reporting, the Government only publishes financial statement discussion and analysis (FSDA) for the Summary Financial Statements. See **Figure 1** for information reported in 2014-15.

Figure 1—Financial Statement Discussion and Analysis in the 2014-15 Public Accounts

The *2014-15 Public Accounts – Volume 1*'s FSDA:

- Provides high-level comparisons of budget to actual results and of actual results to the prior year along with more detailed comparisons by type of revenue (e.g., taxation revenue) and expense (e.g., health)
- Describes the sources and uses of cash
- Includes five-year comparisons of expenses by object (e.g., salaries and benefits), financial assets, liabilities, net book value of capital assets, and investments in infrastructure
- Includes ten-year comparisons or trends of annual surplus/deficit, public debt, debt charges, and for key ratios that provide insight into the Government's financial condition (e.g., net debt as % of gross domestic product)

Source: www.finance.gov.sk.ca/paccts/paccts15/compendium/reports/Volume1-2014-15.pdf (14 April 2016).

The content of Saskatchewan's 2014-15 FSDA is generally comparable with some other provincial governments (e.g., British Columbia, Manitoba).[3] While Saskatchewan's FSDA is generally comparable, we encourage the Ministry of Finance to continue to actively monitor current practice, and periodically update the FSDA, as needed, to reflect best practice.

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[3] We compared to British Columbia, Alberta, Manitoba, and Ontario.

3.3 Aligning Laws with Current Budgeting and Financial Reporting Practices Needed

We recommended that the Government of Saskatchewan seek changes to:

- *The Financial Administration Act, 1993* to require the use of Canadian public sector standards established by the Canadian Public Sector Accounting Board in preparation of the Summary Financial Statements.
- Legislation that would require it to provide the Legislative Assembly with a Summary Budget (i.e., budget reflecting the activities of the entire Government) and consider providing a multi-year Summary Budget. (2013 Special Report; Public Accounts Committee agreement June 17, 2015)

Status – Not Implemented

The Government uses Canadian public sector accounting standards to prepare the Summary Financial Statements and prepares a Summary Budget including some multi-year information even though it is not required by law to do so.

As discussed in our 2013 Special Report, embedding these practices into law would help ensure that legislators and the public continue to receive quality financial information and the information they need to understand the Government's plans and to hold it accountable.

Placing the requirement to use Canadian public sector standards to prepare the Summary Financial Statements into law would be consistent with requirements placed on Saskatchewan municipalities and the Government of the Province of British Columbia (BC). Since 2005, laws require Saskatchewan municipalities to prepare their financial statements using Canadian public sector accounting standards.[4] At April 2016, BC is the only province with this requirement enshrined in law.

In April 2016, Ministry of Finance officials indicated that, as part of the Government's ongoing transition to summary budgeting and reporting, they have developed options regarding legislative changes for the Government's consideration.

Also, the content of Saskatchewan's multi-year budget information is less than that of some other provincial governments in some areas.[5] For instance, it does not provide multi-year information for the following:

- Detailed information on planned revenues and expenses for all years
- Detailed information on planned financial assets (e.g., cash, investment in government business enterprises), liabilities (e.g., accounts payable, pension liabilities), non-financial assets (e.g., tangible capital assets), and accumulated surplus

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[4] *The Municipalities Act* (s. 185), *The Cities Act* (s. 155), *The Northern Municipalities Act, 2010* (s. 207).

[5] Saskatchewan, as compared to some other provincial governments, provides one additional future year of information for planned total revenues, total expenses, and public debt.

Figure 2 sets out multi-year information included in the Government's 2015-16 Summary Budget.[6]

Figure 2—Multi-year Information Included in the 2015-16 Summary Budget

Information Provided (page number)	Time period
Government's medium-term financial outlook (total revenue, total expense, contingency, and surplus) (p. 51)	Budget for 2015-16 and targets for three subsequent years
Public debt by type (e.g., general revenue fund operating debt, government business enterprise debt) (p. 57)	2016 and three subsequent years
Core Capital Plan for government ministries and some, but not all, agencies (pp. 22, 24, 25)	Budget for 2015-16 and targets for three subsequent years
Debt as a percentage of Gross Domestic Product (GDP) (p. 58)	2016 and three subsequent years
Various economic assumptions (e.g., inflation rate, GDP, interest rates) (p. 38)	2016 and three subsequent years
Various commodity price assumptions (e.g., oil prices, oil production, potash price) (pp. 39, 50)	2016 and three subsequent years

Source: www.finance.gov.sk.ca/budget2015-16/201516Budget.pdf (14 April 2016).

We encourage the Government to consider providing additional information as part of its Summary Budget. Giving legislators and the public additional information may lead to more informed public debate about the Government's plans.

3.4 *The Growth and Financial Security Act* Under Review

We recommended that the Government of Saskatchewan seek changes to:

- Legislation that would discontinue the preparation and publication of a budget for the General Revenue Fund. (The preparation and publication of the Estimates would continue.)
- *The Growth and Financial Security Act* to eliminate interim reporting on the General Revenue Fund budget and to require quarterly public reporting on the Summary Budget.

(2013 Special Report; Public Accounts Committee agreement June 17, 2015)

Status – Not Implemented

The Government has appropriately transitioned to summary budgeting and financial reporting. Since 2014-15, the Government no longer publishes a General Revenue Fund budget, or interim reports on the General Revenue Fund as required under *The Growth and Financial Security Act*. As our 2013 Special Report indicated, these requirements were out of sync with other provinces and did not make sense.

In April 2016, Ministry of Finance officials indicated that, as part of the Government's ongoing transition to summary budgeting and reporting, they have identified potential changes to the law for the Government's consideration.

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[6] www.finance.gov.sk.ca/budget2015-16/201516Budget.pdf (14 April 2016).

We recommended that if balanced budget legislation is desired, the Government of Saskatchewan seek changes to current legislation to use the Summary Budget as the basis for balanced budgeting.

We recommended that the Government of Saskatchewan seek changes to *The Growth and Financial Security Act* to:

- Eliminate the use of "rainy day" funds for balancing budgets in conjunction with its elimination of the budget for the General Revenue Fund.
- Publish a debt management plan that includes all of the debt of the Government.
- Eliminate the existence of the Debt Retirement Fund.

(2013 Special; Public Accounts Committee agreement June 17, 2015)

Status – Not Implemented

Our 2013 Special Report indicated *The Growth and Financial Security Act* places fiscal management requirements on the financial activities of the General Revenue Fund only. Also as explained in our 2013 Special Report, placing fiscal management requirements on a part of the Government's financial activities (e.g., General Revenue Fund) does not make sense.

With the Government's use of summary budgeting, it has eliminated its use of rainy day funds. As noted in **Figure 2**, the 2015-16 Summary Budget included information on summary public debt by type for the current year and three subsequent years (e.g., a debt management plan). In the *Public Accounts 2014-15 Volume 2*, the Government continued to report on the Debt Retirement Fund.[7]

In April 2016, Ministry of Finance officials indicated that, as part of the Government's ongoing transition to summary budgeting and reporting, they have developed options regarding legislative changes for the Government's consideration.

Not seeking changes to *The Growth and Financial Security Act* within a reasonable timeframe may cause unnecessary confusion and misunderstandings. For example, 2016 media articles inaccurately suggested the Government was not complying with the law when it forecasted a summary deficit.[8,9] This reflects a misunderstanding that laws currently in place require balancing of the Summary Budget.

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[7] The Debt Retirement Fund is an accounting of the surpluses of the General Revenue Fund since 2008. The Fund has no underlying assets. www.finance.gov.sk.ca/paccts/paccts15/compendium/reports/2014-15Volume2.pdf p. 264. (14 April 2016).

[8] http://leaderpost.com/news/politics/ndp-wants-saskatchewan-legislature-recalled-to-deal-with-deficit; http://leaderpost.com/opinion/editorials/premier-brad-wall-had-little-political-option-with-saskatchewan-government-deficit-but-hes-ignored-balanced-budget-legislation (14 April 2016).

[9] *Saskatchewan Budget Update 15-16 – Budget Update and Four Year Forecast.* www.saskatchewan.ca/government/news-and-media/2016/february/29/third-quarter p. 16. (14 April 2016).

Chapter 19
Economy—Nominating Qualified Immigration Applicants

1.0 MAIN POINTS

The Ministry of the Economy (Ministry) facilitates immigration. It uses the Saskatchewan Immigrant Nominee Program (Program) to recommend the nomination of qualified applicants for permanent immigrant status to the Federal Government.

Since our 2013 audit of the Ministry's processes to nominate qualified immigration applicants to meet the Saskatchewan Immigrant Nominee Program's needs, the Ministry has made progress in implementing our five recommendations. As of March 2016, the Ministry had implemented three of five recommendations.

The Ministry had followed its policies and procedures to document how decisions were reached on eligibility and qualifications of immigrant applicants. It had also established a process to estimate and communicate future processing times for its Program, and updated its policies to reflect its risk-based practice for quality reviews for the Program. The Ministry was working on updating its manual. But it had not yet provided training for staff to assess the feasibility of relocation and settlement plans and business establishment plans for the Entrepreneur Immigration Categories. Due to the complexity of these plans, training and written guidance would help ensure potential immigrants' applications are consistently assessed by staff.

2.0 INTRODUCTION

The Federal Government has the sole authority to grant immigration status to individuals. It has agreements with provinces to help provincial governments in addressing local labour shortages through immigration. The Ministry does not directly participate in recruiting potential immigrants. Rather, it facilitates the immigration process. It works with Saskatchewan employers and potential immigrants to improve the likelihood of the Federal Government accepting a nomination (recommendation).

The Ministry uses the Program to recommend (i.e., nominate) applicants, who qualify under provincially-established criteria, for permanent immigrant status to the Federal Government. According to the Ministry, the Program can provide potential immigrants with an alternate and quicker entry into Canada than federal immigration programs.

In our *2013 Report – Volume 1*, Chapter 12, we concluded that, for the eight-month period ended December 31, 2012, the Ministry of the Economy's Saskatchewan Immigrant Nominee Program operated effectively to nominate qualified immigration applicants to meet the Program's objectives except for the following. It needed to:

- Provide guidance and training for staff to assess the feasibility of relocation and settlement plans and business establishment plans submitted to the Entrepreneur Immigration Categories of the Saskatchewan Immigrant Nominee Program
- Document the support (e.g., date, institution, or person contacted) to explain how decisions were reached on eligibility and qualifications of immigration applicants

- Update quality review policies to reflect its risk-based practice

We made five recommendations. This chapter describes the results of our first follow-up to assess the Ministry's progress in addressing those recommendations.

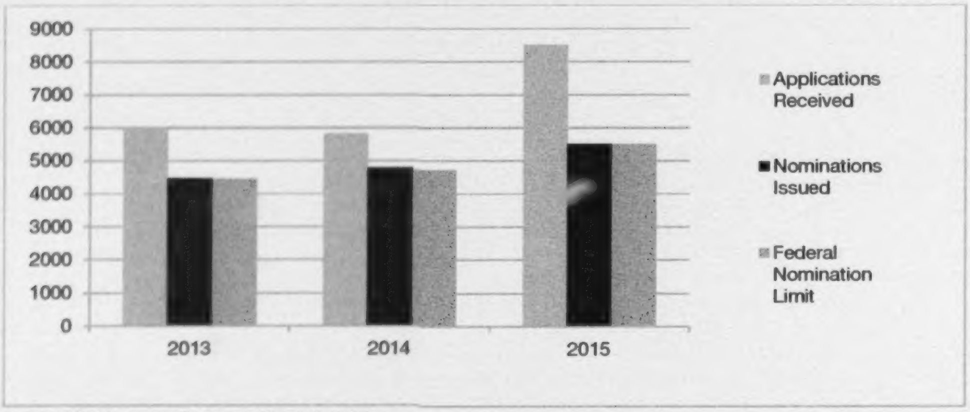
To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the 2013 audit. The Ministry of the Economy's management agreed with the criteria in the 2013 audit.

We reviewed the Ministry's policies and procedures that relate to nominating qualified immigration applicants. We sampled application files and interviewed Ministry staff.

2.1 Saskatchewan Immigrant Nominee Program Applications

In 2015, the Program received about 8,500 applications. **Figure 1** shows that the Program had received more applications in each of the last three years than the Federal Government allows it to nominate. The Federal Government sets an annual federal nomination limit for Saskatchewan (i.e., 5,500 in 2015).[1]

Figure 1—Applications Received and Nominations by Calendar Year



Source: Ministry of the Economy, March 9, 2016.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 15, 2016, and the Ministry's actions up to that date. We found that the Ministry had implemented three of five recommendations.

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[1] The Ministry can also remove applications from its inventory by deeming them ineligible, returning them to the applicant as incomplete, or withdrawing the application at the request of an applicant.

3.1 Improved Guidance and Training for Staff Needed

We recommended that the Ministry of the Economy provide guidance for staff to assess the feasibility of relocation and settlement plans and business establishment plans for the Entrepreneur Immigration Categories of the Saskatchewan Immigrant Nominee Program. (2013 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Partially Implemented

We recommended that the Ministry of the Economy provide training for staff to assess the feasibility of relocation and settlement plans and business establishment plans for the Entrepreneur Immigration Categories of the Saskatchewan Immigrant Nominee Program. (2013 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Not Implemented

We expected the Ministry to establish formal guidance for evaluating entrepreneur category applications according to its established criteria, and provide staff formal training on how to evaluate business establishment plans.

In March 2015, the Ministry announced changes to its Program for the Entrepreneur category. Both the revised and previous criteria require applicants to submit business establishment plans as part of the application process. **Figure 2** briefly describes the revised program criteria, and the criteria previously in place. At March 2016, about four Ministry staff were responsible for evaluating applications in the Entrepreneur category.

At December 2015, the Ministry had about 1,500 entrepreneur applications submitted under the previous program that were not completely processed. The Ministry was processing these applications using the previous program criteria. It was also processing about 50 applications submitted under the revised program.

Figure 2—Brief Description of Program for Entrepreneur Category

Entrepreneur – Program Criteria for Applicants Received after March 2015 (revised)	Entrepreneur – Program Criteria for Applicants Received before March 2015 (previous)
Potential applicants submit an expression of interest to the Program; Ministry staff assess the expression of interest against the revised program criteria.	Applicants for the Entrepreneur category were required to submit an application, including relocation and settlement plans and business establishment plans.
Potential applicants who score the highest are invited to submit an application, including a business establishment plan. The applicants that meet program criteria are issued a work permit support letter to accompany an application to the Federal Government for a temporary work permit.[A] Once the temporary work permit is received, they can come to Saskatchewan and start their business.	The Ministry assessed applicants based on their application, and the feasibility of their relocation and settlement plans and business establishment plans.
Once the business is established and the applicant has met the terms and conditions of the business establishment plan, the Ministry nominates them for permanent immigrant status.	The Ministry nominates applicants based on their score on the points criteria grid for permanent immigrant status.

Source: Adapted from information provided by the Ministry of the Economy.

[A] The applicant must apply to the Federal Government for a temporary work permit, which is for a maximum of four years.

By March 2016, the Ministry had not provided staff with written guidance, or formal training to assess the feasibility of relocation and settlement plans or business establishment plans. This would ensure that these plans are evaluated consistently for the 1,500 applications received under the previous program. Staff continued to receive only on-the-job training while working with experienced staff.

In January 2016, the Ministry started to update its manual for staff based on the revised program criteria. This manual was not finalized or approved by March 2016.

Due to the complexity in relocation and settlement plans and business establishment plans, training and written guidance on how to assess these plans are necessary so that staff are able to evaluate the plans consistently and appropriately.

3.2 Documented Support for Verification of Eligibility and Qualifications of Applicants

We recommended that the Ministry of the Economy follow the Saskatchewan Immigrant Nominee Program policies and procedures that require staff to document the support (e.g., date, institution, or person contacted) to explain how decisions were reached on eligibility and qualifications of immigration applicants. (2013 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

We expected staff to document verification decisions on qualifications in application files and document the support for the steps taken to verify eligibility and qualifications.

The Ministry's policies and procedures require staff to verify authenticity of the provided application information. They are also required to document, in the applicant's file, the support to explain their verification decisions on eligibility and qualifications. For the 10 application files from different categories that we tested, we found sufficient documentation of applicants' verification of eligibility and qualifications, and the steps Ministry staff had taken to verify eligibility and qualifications.

3.3 Improved Communication of Future Processing Times

> We recommended that the Ministry of the Economy establish a process to estimate and communicate future processing times for the Saskatchewan Immigrant Nominee Program. (2013 Report – Volume 1; Public Accounts Committee partial acceptance[2] December 9, 2013)
>
> **Status** – Implemented

We expected the Ministry to establish a process to notify applicants of nomination processing time delays.

As **Figure 1** shows, the number of applications received in 2015 is significantly more than the prior year. Also, the number of applications continues to be more than Saskatchewan's federal nomination limit. This may result in a growing inventory of unprocessed or in-process applications. To enable applicants and employees to make informed decisions about applying for the Saskatchewan Immigrant Nominee Program, they need readily accessible current information.

The Ministry publishes historical average application processing times (updated quarterly) on its website.[3] It acknowledges that the historical average processing times may not provide precise estimates of future processing times. In June 2015, the Ministry implemented an online tool within its online application system. Applicants can use this tool to monitor the progress of their application (i.e., stage of the application).

Since May 2013, the Ministry established an annual application intake quota (i.e., the number of applications by category it will accept in a given year). Quarterly, it publishes on its website the number of remaining applications that it will accept in each category per year.

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[2] Legislative Assembly of Saskatchewan Twenty-Seventh Legislature, *Standing Committee on Public Accounts Hansard Verbatim Report No. 13 – December 9, 2013*; PAC recommended 'that the Ministry of the Economy provide the necessary information to assist applicants to make informed decisions regarding their application for the Saskatchewan Immigrant Nominee Program', p. 186. We consider PAC's recommendation to be implemented.

[3] www.saskatchewan.c[illegible]/residents/moving-to-saskatchewan/immigrating-to-saskatchewan/saskatchewan-immigrant-nominee-program/chec[illegible]-application-processing-times-for-sinp (18 March 2016).

3.4 Updated Quality Review Policies

We recommended that the Ministry of the Economy update policies to reflect its risk-based practice for quality reviews to guide staff of the Saskatchewan Immigrant Nominee Program. (2013 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

We expected the Ministry to revise its policy and formally document how it selects files for quality reviews (e.g., audit) of the processed applications.

In May 2014, the Ministry had approved a risk management audit policy. This policy outlines the process for selecting application files for quality reviews. The selection process includes the use of a risk management approach, and selecting files from all application categories both randomly and for specific reasons (targeted) based upon the assessed risk.

Chapter 20
Education—School Instruction Time for Students

1.0 MAIN POINTS

Instruction time requirements reflect the minimum number of hours of educational instruction that the Ministry of Education (Ministry) thinks are necessary to enable students to learn a particular area of study (e.g., math). The Ministry sets minimum total instructional time requirements for each grade (e.g., 950 hours/year for Grade 8), and for core curriculum areas of study (e.g., 200 minutes/week for Grade 8 math).

This chapter sets out the status of three recommendations we first made in 2009 to improve the Ministry's processes to achieve compliance by school divisions in delivering student instruction time as required by the Minister.

By December 2015, the Ministry had implemented one of the three recommendations – it requires all school divisions to publicly report their school calendar for the upcoming school year. This includes setting out instructional days and hours of school operation. However, the Ministry continued not to have processes to monitor school division compliance with its instruction time requirements for core curriculum areas of study. Rather, it expected school divisions to self-monitor. Our further work found some school divisions knowingly did not comply with the Ministry's requirements and did not advise the Ministry of this non-compliance. In these cases, they provided students with less instruction time in some courses than the Ministry required so they could offer students more course options each year.

2.0 INTRODUCTION

The Ministry is responsible for establishing regulations authorizing provincial instruction hours per year, and providing courses of study or curriculum guides pertaining to these courses (i.e., provincial core curriculum).[1]

The core curriculum gives Saskatchewan's 28 school divisions guidance on what students are to learn and when. At December 2015, it included seven required areas of study (e.g., language arts, math, and science). Through the *Registrar's Handbook for School Administrators*, the Ministry has set a required minimum time allocation for instruction for each of the required areas of study (i.e., instruction time).[2] Having a minimum instruction time helps ensure students receive sufficient instruction to enable them to learn the area of study.

In our *2009 Report – Volume 3*, Chapter 4, we reported that, for the year ended September 30, 2009, the Ministry did not have adequate processes to achieve compliance by school divisions in delivering student instruction time as required by the Minister. We made four recommendations. By January 2014, as reported in our second follow-up (i.e., *2014 Report – Volume 1*, Chapter 20), the Ministry had implemented one of the four recommendations – it had defined instruction time.

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[1] www.saskatchewan.ca/residents/education-and-learning/prek-12-education-early-learning-and-schools/k-12-school-divisions-in-saskatchewan (21 December 2015).

[2] http://publications.gov.sk.ca/documents/11/86941-Registrar%27s%20Handbook%202015-16%28DEC%29.pdf (7 April 2016)

This chapter describes the results of our third follow-up to assess the Ministry's progress in addressing the three remaining recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance.* To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the 2009 audit. The Ministry's management agreed with the criteria in the 2009 audit.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at December 15, 2015, our expectations, and the Ministry's actions up to that date.

We found the Ministry had implemented one of the three remaining recommendations.

3.1 Published School Calendars Report Expected Instruction Time

We recommended that the Ministry of Education require school divisions to publicly report on their performance in meeting the Ministry's instruction time requirements. (2009 Report – Volume 3; Public Accounts Committee agreement May 12, 2010)

Status – Implemented

We expected the Ministry would require school divisions to publish their Board-approved school calendars, which show the overall instructional hours.

The Education Regulations, 1986 (Regulations) define instructional time as any time where students are receiving instruction in an educational program under teacher supervision. The Regulations require each school division and conseil scolaire to provide at least 950 hours of instructional time for grades 1 to 12 and 475 hours of instructional time for Kindergarten.

At December 2015, there were 702 Ministry-funded schools in Saskatchewan.[3] Every school division (including the conseil scolaire) is required to notify the Minister of and publish its school calendar for the upcoming school year by May 1. The calendar must set out instructional days and hours of school operation.

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[3] Ministry of Education, *Annual Report for 2014-15*, p. 4.

Each school division used its Board-approved school calendar to set out and advise the Minister and public of its overall instruction hours; divisions made these calendars publicly available on their websites.

The Ministry monitored that it received each division's Board-approved 2015-16 school calendar, and confirmed their alignment with the required minimum overall instructional hours. The Ministry's calendar confirmation processes included asking school divisions for clarification or clearer alignment with overall minimum instruction hours, where necessary.

3.2 Monitoring of Divisions' Compliance with Requirements for Required Areas of Study Needed

We recommended that the Ministry of Education monitor for all core curriculum areas of study the extent to which school divisions meet the Ministry's requirements for instruction time. (2009 Report – Volume 3; Public Accounts Committee agreement May 12, 2010)

Status – Not Implemented

We recommended that the Ministry of Education take corrective action where necessary to improve school division compliance with the Ministry's requirements for instruction time. (2009 Report – Volume 3; Public Accounts Committee agreement May 12, 2010)

Status – Partially Implemented

We expected the Ministry would ask school divisions to advise it, in writing, of instances where they did not comply with instructional time requirements for core curriculum areas of study (exception reporting). In addition, we expected the Ministry would use information obtained to identify reasons for non-compliance, assess the impact of non-compliance on students' learning, and take actions (as necessary) to improve school division compliance with the Ministry's requirements for instruction time for school calendars (i.e., 950 hours) and for core curriculum areas of study in priority areas. For priority areas (e.g., those that adversely impact student learning), we expected the Ministry would obtain commitment for action from relevant school divisions, and confirm divisions carried out key actions.

As outlined in **Section 3.1**, the Ministry monitored whether school calendars contained the total required instructional hours per legislation and took corrective action as necessary so that divisions met those requirements.

While the school calendars provide enough information to determine total required instructional hours, they do not provide sufficient information to enable the Ministry to know whether a school division met instruction time requirements for each required core curriculum area of study (e.g., math).

For elementary and middle schools, the instruction time requirements for areas of study allows for 20% flexibility of instruction time for locally-determined options (e.g., core French).[4] Elementary core curriculum areas of study also overlap as some teaching occurs jointly between subjects. For example, students may be learning about both math and science in one class. The Ministry acknowledges the allowed flexibility and overlap may cause complexities in measuring and monitoring instructional time requirements for these elementary and middle school areas of study.

The Ministry relied on school divisions to monitor compliance with instructional time for required areas of study; it did not expect divisions to report to it on their compliance (or non-compliance – e.g., exception reporting). Because the Ministry did not have processes to monitor schools divisions' compliance in this area, we contacted five school divisions.

The Ministry is aware that school divisions have delegated to Directors of Education[5] the responsibility for monitoring their division's compliance with instructional time requirements for required areas of study, and they have delegated to school principals the responsibility for monitoring their school's compliance. Divisions expect Superintendents of Education to discuss and resolve instruction time compliance issues with the principals.

Each of the five school divisions we contacted indicated that they have decided to use reduced instruction time to offer high school students more course options per semester; therefore, each division is not complying with some of the instruction time requirements for required areas of study. Rather than offering only 24 credits in three years (as required for graduation), some school divisions offer students more credit opportunities with less instruction hours per credit. For example, these school divisions offer high school courses with 5 to 15 hours less instruction time than required by the Ministry.

We found that the Ministry was not aware of these instances of non-compliance. As a result, it had not had the opportunity to consider the reasonableness of the divisions' expressed rationale, the impact on students' learning, or the impact on its instruction time requirements for required areas of study.

Where reduced instruction time for required areas of study adversely impacts students' learning, the Ministry could consider providing affected school divisions with options to help them comply with instruction time requirements while making sufficient courses available to students to enable graduation within three years of starting high school.[6]

Also, without actively monitoring whether school divisions meet instruction time requirements for required areas of study, the Ministry does not know whether students receive sufficient instruction for each area of study. Not receiving sufficient instruction may contribute to the 75% 2014 provincial graduation rate for students within three years of starting high school.[7]

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[4] Ministry of Education, *Registrar's Handbook for School Administrators 2015-16*, pp. 10-11.
[5] School divisions have further delegated this responsibility to Superintendents of Education.
[6] Students start obtaining credits in Grade 10.
[7] Ministry of Education, *Annual Report for 2014-15*, p. 10.

Chapter 21
eHealth Saskatchewan—Buying IT Services

1.0 MAIN POINTS

eHealth Saskatchewan (eHealth) has made progress on the two outstanding recommendations related to its processes to buy IT (Information Technology) services. At March 2016, eHealth was piloting a vendor performance management program with a small group of its key IT vendors. eHealth plans to use the results of the pilot to change its procurement processes. Evaluating past vendor performance can assist in making future buying decisions.

2.0 INTRODUCTION

In our *2010 Report – Volume 1*, Chapter 6, we assessed the adequacy of the Ministry of Health's processes to buy IT services (including IT consultation, oversight, and development and testing of programs and processes). We made eight recommendations.

Since 2010-11, eHealth has been the lead agency for procurement of health-related IT services. In addition to being responsible for the development and operation of the electronic health record system, eHealth procures implements, owns, operates, and manages other health information systems.[1] Therefore, we directed our work and outstanding recommendations to eHealth.

Each year, eHealth spends about $30 million on information technology.[2]

In 2012, we followed up on the status of the eight recommendations, and found that, by mid-September 2012, eHealth had fully addressed six of the eight recommendations.

This chapter describes our second follow-up on the two outstanding recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate eHealth's progress towards meeting our recommendations, we used the relevant criteria from the 2010 audit. The Ministry of Health agreed with the criteria in the 2010 audit. We reviewed key documents (e.g., vendor evaluation templates) and discussed the buying process with management.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 22, 2016, and eHealth's actions up to that date. We found that eHealth is in the process of establishing a vendor performance management program.

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[1] eHealth Saskatchewan, *Annual Report 2014-15*, p. 12.
[2] eHealth Saskatchewan Financial Statements 2014-15.

3.1 Assessing and Tracking Vendor Performance Started

We recommended that the Ministry of Health (eHealth Saskatchewan) establish adequate processes for assessing information technology vendors' performance. (2010 Report – Volume 1; Public Accounts Committee agreement December 8, 2010)

Status – Partially Implemented

We recommended that the Ministry of Health (eHealth Saskatchewan) keep records of vendors' performance to help decide future information technology service contracts. (2010 Report – Volume 1; Public Accounts Committee agreement December 8, 2010)

Status – Partially Implemented

In 2015, eHealth created a vendor performance management process, and at March 2016, was piloting the process with a small group of its key IT vendors. Under this process, eHealth expects to assess IT service vendors, and have them complete self-evaluations based on the following: the scope of the services provided, expertise of the contractor(s), and whether the project was delivered on time and on budget. Also under this process, eHealth plans to determine a vendor contract score, representing past vendor performance, after each contract evaluation and use it when considering buying from these vendors in the future. eHealth was documenting the evaluations and vendor contract scores for each key vendor participating in the pilot project.

Management plans to evaluate all IT service vendors using the vendor performance management process once the pilot is complete. eHealth plans to complete the pilot process, evaluate the new process, and incorporate changes to its procurement system by September 2016. At March 2016, eHealth was considering using this process for evaluating all vendors.

Chapter 22
eHealth Saskatchewan—Implementing Electronic Health Records

1.0 MAIN POINTS

eHealth Saskatchewan (eHealth) is responsible for creating a system for comprehensive electronic health records (EHR) for patients and providing healthcare professionals access to those records. Patient health information in electronic form is more likely to be legible, and is easily and quickly accessible no matter where an individual seeks medical attention. An EHR system improves the delivery of health care by making the right data available at the right time to the right healthcare professionals.

By March 2016, eHealth had implemented three of the four recommendations we initially made in 2009 related to guiding, monitoring, and reporting on the implementation of the EHR system. eHealth needs to extend its budgeting process for EHR systems to cover more than one year.

2.0 INTRODUCTION

In our *2009 Report – Volume 3*, Chapter 10C, we assessed the Ministry of Health's processes to guide, monitor, and report on the implementation of the electronic health record system. We made four recommendations.

In 2010-11, eHealth became responsible for leading the planning and implementation of a provincial EHR system. We followed up on the status of the four recommendations with eHealth as of September 30, 2012, and found that that eHealth had not yet fully implemented them.

This chapter describes our second follow-up on the four outstanding recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate eHealth's progress towards meeting our recommendations, we used the relevant criteria from the 2009 audit. The Ministry of Health's management agreed with the criteria in the 2009 audit.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 29, 2016, and eHealth's actions up to that date. We found that eHealth had implemented three of the four recommendations and has made progress on the last recommendation.

3.1 Strategy and Operational Plan for Electronic Health Records Developed

We recommended that eHealth Saskatchewan strategic plan include its strategy for the electronic health record system. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Implemented

We recommended that eHealth Saskatchewan develop an operational plan to guide the development and implementation of electronic health records. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Implemented

eHealth's Board approved a five-year strategic plan (2012-2017) in November 2012. The strategic plan includes initiatives regarding the provincial EHR system.

eHealth completed the last of the core components of the EHR system, as set by Canada Health Infoway,[1] in October 2014. EHR system core components included information technology (IT) systems for lab results, drug information, immunization information, diagnostic imaging/reports, discharge summaries, chronic disease information, as well as the integration services (the services that will connect these systems together to present a single view of patient information anywhere in the province) including the shared client index/client registry and eHR Viewer. At March 2016, eHealth is working on connecting the various health care providers to these IT systems.

Also in 2014, eHealth developed a five-year priority roadmap (2014-2019). The priority roadmap is designed to guide future investments on IT systems within the provincial EHR system, and on new initiatives, such as the Citizen Health Information Portal (Citizen portal).[2] The priority roadmap outlines when eHealth plans to connect each IT system to various health care providers (e.g., regional health authorities), and when it expects new initiatives to occur. eHealth updates the status[3] of initiatives each quarter, and revisits the priority roadmap annually.

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[1] Canada Health Infoway is an independent, federally-funded, not-for-profit organization tasked with accelerating the adoption of electronic health records across Canada.
[2] In February 2016, eHealth announced a new citizen initiative to enhance use of the EHR system. This initiative expects to allow residents to view their personal health information online through a secure website.
[3] eHealth classifies each initiative as completed, in progress, in queue, in planning, dependent on other initiatives, or delayed.

3.2 Long-Term Timelines Monitored but not Estimating Related Costs

We recommended that eHealth Saskatchewan monitor its overall costs and timelines, compared to its plans, for development and implementation of electronic health records. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Partially Implemented

As noted in **Section 3.1**, eHealth uses the priority roadmap to monitor EHR system implementation timelines. We expected eHealth to have estimated the costs of major IT system initiatives set out in its priority roadmap. As of March 2016, it had not estimated costs of its planned initiatives other than those to be completed in the upcoming year; eHealth includes those costs in its annual budget. Estimating costs of major IT system initiatives set out in its priority roadmap would allow eHealth and its Board to better understand the impact of planned work on its future resource needs, provide useful information to help prioritize resource allocation decisions, and facilitate future comparisons of planned and actual costs.

3.3 Board Receiving Regular Progress Reports

We recommended that eHealth Saskatchewan develop performance measures to allow it to assess and report its progress in achieving electronic health record benefits. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Implemented

Senior management has developed an array of measures to assess and report on its progress in achieving EHR usage. It gives eHealth's Board:

- Quarterly dashboard reports on four categories of measures: quality (e.g., client satisfaction, patient and provider participation), safety (e.g., total transactions and failed transactions by month for a key system, year-to-date incidents by triage type), delivery (e.g., tracking the use of certain information by providers, number and percentage of service requests not meeting target levels), and staff morale. Many of the measures are compared to targets

- A mid-year report on priorities that sets out progress on board priorities (such as number of active eHR Viewer[4] users, number of patients treated using the chronic disease management template, percentage of customers who indicate good or very good satisfaction with eHealth's services)

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[4] eHR Viewer is eHealth's website that allows authorized users to view EHR data (e.g. lab results, drug information) over the Internet.

Chapter 23
Environment—Regulating Air Emissions

1.0 MAIN POINTS

This chapter reports the results of our fifth follow-up of the three outstanding recommendations we made to the Ministry of Environment (Ministry) related to regulating air emissions. By November 15, 2015, the Ministry had addressed all three recommendations.

The Environmental Management and Protection Act, 2010, which came into effect on June 1, 2015, created a new regulatory framework (Environmental Code) for air emissions in Saskatchewan. After December 31, 2019, the Ministry will not use permits to regulate air emissions of industrial sites; rather, the Environmental Code requires industrial sites to submit environmental protection plans and obtain the Ministry's approval. The Ministry plans to continue conducting environmental compliance monitoring.

2.0 INTRODUCTION

Our *2004 Report – Volume 1*, Chapter 10 concluded that the Ministry did not have adequate processes to regulate air emissions. We made seven recommendations. Since 2004, we have completed four follow-ups to assess the Ministry's progress towards addressing those recommendations. As reported in our *2013 Report – Volume 1*, Chapter 21 (our last follow-up), by September 30, 2012, the Ministry had implemented five of the seven recommendations. In that Report, we also noted the Ministry had moved forward with new permitting processes prior to new legislation being in effect. As a result, we recommended the Ministry issue permits in compliance with current legislation.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the 2004 audit. The Ministry's management agreed with the criteria in the 2004 audit. To do our follow-up, we discussed progress with management and reviewed supporting documentation.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation, including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of each recommendation, and the Ministry's actions up to November 15, 2015. We found that the Ministry had implemented all three outstanding recommendations.

3.1 Permits in Compliance with Legislation

We recommended that the Ministry of Environment issue permits [to asphalt plant operators] in compliance with current legislation (*The Clean Air Act*) until such a time as the legislation is amended. (2013 Report – Volume 1; Public Accounts Committee agreement April 30, 2014)

Status – Implemented

A Minister Order was issued under *The Clean Air Act* June 4, 2014; the Ministry no longer issues permits to asphalt plants.

3.2 Permits Properly Approved and Current

We recommended that the Ministry of Environment establish processes to ensure permits to regulate air emissions are properly approved and expired permits are followed up on promptly. (2004 Report – Volume 1; Public Accounts Committee agreement December 1, 2004)

Status – Implemented

The Clean Air Act was repealed when *The Environmental Management and Protection Act, 2010* (Act) came into effect on June 1, 2015. The Act created a new regulatory framework referred to as the *Saskatchewan Environmental Code* (Environmental Code). The Environmental Code contained 16 chapters, including chapters on Industrial Source (Air Quality) and Halocarbon Control.

The chapters related to air quality outline regulatory requirements for air emissions in Saskatchewan. For example, industrial operators are required to submit environmental protection plans and obtain the Ministry's approval by December 31, 2019; the Ministry will not require permits after December 31, 2019.

The Act extended the term of all existing permits for regulated industrial operators to January 1, 2020.[1] As of November 15, 2015, the Ministry continued to permit approximately 110 industrial sites for air quality under the Environmental Code. The Ministry used a computerized spreadsheet to track industrial sites permitted.

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[1] Section 103(2) of *The Environmental Management and Protection Act, 2010.*

3.3 Guidance Established for Monitoring Compliance

We recommended that the Ministry of Environment set sound and consistent processes for monitoring compliance with permits to regulate air emissions and for handling air emission complaints. (2004 Report – Volume 1; Public Accounts Committee agreement December 1, 2004)

Status – Implemented

The Ministry finalized the *Environmental Protection Branch Field Inspection Process Manual;* management approved it in February 2014. The Manual adequately outlined environmental compliance inspections processes (e.g., the inspection process, required arrangements for inspections, facilities to inspect) Environmental Protection Officers are to follow.

Chapter 24

Government Relations—Safe Drinking Water in Northern Settlements

1.0 MAIN POINTS

The Ministry of Government Relations (Ministry) is responsible for providing safe drinking water to Saskatchewan's northern settlements. Northern settlements are unincorporated communities in northern Saskatchewan that the Ministry administers.[1] The northern settlements are located in the Northern Saskatchewan Administration District.[2] The Minister of Government Relations functions as the municipal council for each of the northern settlements.[3]

By December 31, 2015, the Ministry had implemented one half of the recommendations we first made in 2012. The Ministry clarified responsibility for safe drinking water for northern settlements and communicated how it is addressing the results of the 2010 Waterworks System Assessments to residents. It defined a long-term approach for providing safe drinking water. It consistently received water quality test results from First Nations communities that provide drinking water to northern settlements, and reported results of drinking water testing and related issues to senior management.

While the Ministry made progress on the other half of the recommendations, further work remains in the following areas:

- Testing of drinking water samples as required by its water system permits
- Completing water system maintenance as expected for all drinking water systems
- Consistently documenting its supervision of the completion of maintenance activities
- Communicating the safety of drinking water to the residents of the northern settlement of Stanley Mission
- Resolving long-standing issues with the safety of drinking water for the northern settlement of Uranium City

Access to clean and safe drinking water is essential for public health and well-being.

2.0 INTRODUCTION

This chapter describes our first follow-up of management's actions on the ten recommendations we made in our *2012 Report – Volume 1*, Chapter 12 resulting from our audit of the Ministry's processes to provide safe drinking water to northern settlements. We concluded the Ministry did not have effective processes in this area.

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[1] The Ministry administers the northern settlements through the Northern Municipal Services branch of the Ministry.

[2] The Northern Saskatchewan Administration District is a geographical area defined under *The Northern Municipalities Regulations*.

[3] The Minister's responsibilities are set out in *The Northern Municipalities Act, 2010*.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the 2012 audit. The Ministry agreed with the criteria in the 2012 audit.

To complete our follow-up, we interviewed staff and management responsible for the provision of drinking water to northern settlements. We reviewed management records relating to maintenance of water systems used to provide drinking water, water quality test results, and other supporting documentation.

2.1 Providing Drinking Water to Northern Settlements

The Ministry uses various water systems to provide drinking water to northern settlements. As shown in **Figure 1**, it owns and operates water systems for five settlements, and it obtains drinking water for two settlements through contracts with First Nations communities.

Figure 1—Drinking Water Systems for Northern Settlements at December 2015

Northern Settlement	Estimated Population[A]	Type of Water Delivery System of Drinking Water to Residents
Ministry-owned Water Systems		
Bear Creek	45	The Ministry transports drinking water from its water treatment plant at Bear Creek to residents' homes.
Brabant Lake	45	Residents contract with a private company to transport drinking water from the Ministry's water treatment plant at Brabant Lake to residents' homes.
Missinipe	15	Ministry pipeline distribution from the Ministry's water treatment plant at Missinipe to residents' homes.
Sled Lake	60	Ministry pipeline distribution from the Ministry's water treatment plant at Sled Lake to residents' homes.
Uranium City	75	Ministry pipeline distribution from the Ministry's water treatment plant at Uranium City to residents' homes.
Ministry Contracts with First Nations communities that Own Water Systems		
Stanley Mission	100	Ministry pipeline distribution from nearby First Nations community's water treatment plant to off-reserve northern settlement residents' homes.
Wollaston Lake	85	Ministry pipeline distribution from nearby First Nations community's water treatment plant to off-reserve northern settlement residents' homes.

Source: Ministry of Government Relations' records.

[A] Estimated permanent population information provided by the Ministry of Government Relations at July 2015. Note that there are additional northern settlements. Because these do not have water systems, they were outside the scope of our audit and follow-up.

As the municipal council for each of the northern settlements, the Ministry must work within the legislative framework established for drinking water. **Figure 2** describes provincial government agencies with varied responsibilities for drinking water in Saskatchewan. For example, the Water Security Agency (WSA) sets provincial water quality and water system standards in *The Environmental Management and Protection Act, 2010*. WSA issues permits to the Ministry where the Ministry operates water systems to provide drinking water to northern settlements (see **Figure 1**).

Figure 2—Other Provincial Government Agencies Involved with Drinking Water

Name of Agency	Responsibilities for Drinking Water
Water Security Agency (WSA)	WSA is the regulator of municipal waterworks, privately owned (publicly accessible) waterworks that have a flow rate of 18,000 litres or more per day, certain pipeline systems, and municipal sewage works. WSA also focuses on watershed management and source protection, and works to balance competing water and land uses that impact water quality. WSA administers provincial water quality standards in *The Environmental Management and Protection Act, 2010,* and *The Waterworks and Sewage Works Regulations*. WSA issues permits to municipalities, including the Northern Saskatchewan Administration District, to operate water systems. This includes reservoirs, tanks, buildings, pumps, and pipes. WSA is responsible for periodically inspecting and enforcing compliance with permits it issues. WSA does not regulate non-public water systems, nor is WSA responsible for drinking water on First Nations reserves.
Saskatchewan Water Corporation (SaskWater)	SaskWater owns and operates certain regional water systems throughout the province. It also provides system assessments and project management of water infrastructure projects.
Ministry of Health	The Ministry of Health and regional health authorities regulate certain non-municipal water systems with limited capacity that service locations such as tourist accommodations and campgrounds.
Ministry of Agriculture	The Ministry of Agriculture is responsible for the protection of surface and groundwater with respect to intensive livestock operations. The Ministry is also responsible for irrigation-related services.
Ministry of Environment	The Ministry of Environment is the regulator of industrial waterworks and sewage works.

Source: www.saskh2o.ca/RolesAndResponsiblities.asp and selected references (08 January 2016).

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at December 31, 2015, and the Ministry's actions up to that date. We found that the Ministry implemented 5 out of 10 recommendations.

3.1 Ministry Accepts Responsibility for Providing Safe Drinking Water to Northern Settlements

We recommended that in consultation with the Government, consider if or when the provision in *The Public Health Act, 1994* should come into force that requires the Minister of Government Relations to ensure that there is a supply of safe drinking water for the use of residents of northern settlements. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Implemented

As the Ministry communicated to the Standing Committee on Public Accounts on January 13, 2014,[4] it had discussed the related provision of *The Public Health Act, 1994*[5] with the Ministry of Health and SaskWater. These parties concluded that the existing legislative framework was appropriate to ensure the safety of drinking water in northern settlements, and putting the provision into effect was unnecessary. As a result, at December 31, 2015, the provision was not in force.

We found the Ministry took responsibility for ensuring a safe supply of drinking water for residents of northern settlements, and operated in a manner that confirmed the provincial regulatory framework applied to all northern settlements receiving water from a water system. For example, it obtained permits from WSA for ministry-owned water systems, and for distribution systems used to distribute water to northern settlements that receive water from nearby First Nations. As explained below, it took steps to monitor the quality of drinking water provided to residents of northern settlements.

3.2 2010 Waterworks System Assessments Analyzed

We recommended that the Ministry of Government Relations complete its analysis of the 2010 Waterworks System Assessment reports for northern settlements and communicate how it intends to address recommendations made in these reports. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Implemented

The Ministry's latest Waterworks System Assessment reports (assessment reports) were the 2010 assessment reports, other than for the northern settlement of Stanley Mission. The Ministry obtained an assessment report for Stanley Mission in November 2015.

The Ministry engaged SaskWater to perform professional engineering services including project management services for its water and sewer projects in the north. We found SaskWater completed the analysis of the 2010 assessment reports on the Ministry's behalf. We observed evidence that by January 2014, SaskWater had evaluated and summarized a list of all suggested actions (e.g., add a new water filter to a water treatment plant, make significant water treatment plant upgrades) recommended in the 2010 assessment reports.

SaskWater used its professional judgment to prioritize the list of water and sewer projects. It gave highest priority to projects required to address health or regulatory compliance issues (e.g., issues that increased the risk of water not being safe). SaskWater discussed its prioritized project listing with the Ministry. This prioritized project list forms the Ministry's 2014-2018 capital plan for its water systems.

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[4] http://docs.legassembly.sk.ca/legdocs/Legislative%20Committees/PAC/Debates/140113Debates-PAC.pdf (14 February 2016).

[5] *The Public Health Act, 1994*, section 14(2), "On and from a day or days to be prescribed, the council of a northern village or northern hamlet and the minister responsible for the administration of *The Northern Municipalities Act, 2010* on behalf of a northern settlement shall ensure that there is a supply of potable water and system for disposal of sewage for use by the inhabitants of the northern village, northern hamlet or northern settlement, as the case may be."

The Minister of Government Relations is responsible to approve water infrastructure projects for northern settlements. We reviewed examples of projects being communicated to northern settlements once they were approved. For example, in April 2014, the Minister communicated, by letter, information about approved projects relating to Stanley Mission's sewage lagoon and water systems.

The law requires the Ministry to annually make certain information available to the public about its water systems. This includes the most recent independent engineering assessments (i.e., the assessment reports) and capital plans.[6] We found, each year, the Ministry prepared and distributed to residents a waterworks information bulletin for each northern settlement.

For the bulletins we sampled, we found they communicated the Ministry's waterworks capital investment strategy. Its strategy was to take actions to ensure waterworks infrastructure is capable of providing safe drinking water. We also found the Ministry advised residents that assessment reports were available for viewing at the Ministry's office in La Ronge.

3.3 Long-term Approach Defined

We recommended that the Ministry of Government Relations define its approach for the long term to provide safe drinking water. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Implemented

On January 13, 2014, the Ministry indicated to the Standing Committee on Public Accounts that its long-term objective for the provision of drinking water to northern settlements was to ensure it complied with all WSA permit requirements.[7] The Ministry communicated this objective in its waterworks capital investment strategy referred to in **Section 3.2**.

In addition, its long-term approach to achieving its objective is to use the results of the assessment reports to develop multi-year capital plans. SaskWater indicated that when it evaluated the most recent water assessment reports, its objective was to ensure the Ministry's water systems would meet provincial regulations and water quality standards. We found use of this objective was evident in how SaskWater prioritized water system projects.

Management indicated that it plans to complete its next cycle of assessment reports for all northern settlements in 2020. It expects to use the assessment reports to develop its next multi-year capital plan.

Also, the Ministry continued to contract with an infrastructure management consulting company to assess the condition of each of its water systems, and provide training to water system operators. It uses these steps to help ensure the Ministry complies with WSA permit requirements. In 2015, it extended this consulting agreement until 2017.

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[6] *The Northern Municipalities Regulations*, section 44.

[7] http://docs.legassembly.sk.ca/legdocs/Legislative%20Committees/PAC/Debates/140113Debates-PAC.pdf (14 February 2016).

3.4 Ministry Not Completing All Required Drinking Water Tests

> We recommended that the Ministry of Government Relations test drinking water samples and document the results as required by its water system permits issued by the Water Security Agency. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)
>
> **Status** – Partially Implemented

Starting in 2014, the Ministry requires staff to carry out monthly reviews of the daily water quality test results. Water system operators of Ministry-owned water systems complete daily water tests and record test results in a log. They provide these logs to Ministry staff every month. Ministry staff review logs for completeness, and to determine whether test results meet permit requirements (e.g., daily chlorine levels met standards).

Also, as discussed in **Section 3.5**, the Ministry received drinking water test results for the northern settlements of Wollaston Lake and Stanley Mission.

For the water quality tests we sampled, we compared results to permit requirements for all northern settlements in **Figure 1**. We found water quality tests generally met water quality standards, except for in Uranium City as later described in **Section 3.7**.

We found the Ministry had improved, on an overall basis since our 2012 audit, its process to make sure drinking water was tested consistent with permit requirements. However, as shown in **Figure 3**, further improvement is needed in that we found some required water quality tests were not always completed (e.g., when water system operators went on vacation).

Figure 3—Provincial Auditor Review of Drinking Water Test Results December 1, 2014 to November 30, 2015

Water Quality Tests Required	Frequency of Tests Required by Permit	Provincial Auditor Results (for sample selected)
Turbidity and Chlorine	Daily	Daily tests were completed as required
Bacteria	Various (monthly, every two weeks, weekly)	All bacteria tests were completed as required except: - 2 of 52 not completed at Missinipe - 5 of 52 not completed at Stanley Mission - 8 of 24 not completed at Wollaston Lake (note: for 3 of the 8 not completed, samples arrived at the lab too late for reliable analysis)
Chemical (general)	Various (e.g., every two years)	All but one test was completed as required
Chemical (health)	Once every two years	All tests were completed as required

Completing all tests that permits require is essential for adequate monitoring of the safety of drinking water.

3.5 Ministry Receiving Water Quality Test Results from First Nations Communities that Provide Drinking Water to Northern Settlements

We recommended that the Ministry of Government Relations, where it has contracted for the supply of drinking water from a First Nations community, specify in its contract that the First Nation community provide water quality test results to the Ministry on a timely basis. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Intent of Recommendation Implemented

We found the Ministry's contracts with First Nations communities had not changed since our 2012 audit. These contracts require First Nations communities to perform water quality tests in accordance with the Ministry's permits, but do not require the communities to communicate the results to the Ministry (i.e., contracts only require communication of the results to the WSA).

At the time of our 2012 audit, the Ministry received water quality test results only for the northern settlement of Stanley Mission, and not for the northern settlement of Wollaston Lake. Since then, the Ministry has continued to receive water quality test results for the northern settlement of Stanley Mission.

Also, SaskWater, on the Ministry's behalf, attended a meeting in February 2013 with the First Nations community and other officials that provide water to the northern settlement of Wollaston Lake. Since that meeting, the First Nations community takes water quality tests from the northern settlement, and sends the samples to a laboratory as required by the Ministry's permit. The laboratory sends the results to the Ministry, and to WSA. We found the Ministry received water quality test results for Wollaston Lake.

3.6 Maintenance and Maintenance Records Not Always Complete

We recommended that the Ministry of Government Relations consistently carry out all required maintenance for its water systems. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Partially implemented

We recommended that the Ministry of Government Relations document its monthly supervision of maintenance carried out on its water systems to evidence that all required maintenance is occurring. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Partially implemented

The Ministry's processes to supervise maintenance of water systems differ between ministry-owned and operated water systems, and water systems operated by First Nations communities. Since our 2012 audit, the Ministry better documents its supervision of maintenance of these water systems.

Ministry-Owned Water Systems

In 2014, the Ministry created a new process to supervise the maintenance of its water systems. The Ministry expects its staff to review water system maintenance logs at least monthly. To facilitate this, the water system operators in the northern settlements are to send the monthly maintenance logs to the Ministry's La Ronge office.

We found, for four of the five northern settlements, the Ministry did not consistently obtain maintenance records from water operators, or do so in a timely fashion. For records it did obtain, Ministry management often documented its review.

Also, we found that the WSA's regulatory inspections of the Ministry's water systems noted issues with completion of maintenance at Uranium City.[8] For example, the 2015 WSA inspection report for Uranium City indicated that the majority of the floor drains within the water system building did not work properly.

The Ministry hired an infrastructure management consulting company (consultant) to assess and report, twice per year, the condition of each of its water systems. The consultant's 2015 reports also indicate significant outstanding maintenance at Uranium City (e.g., water pipes leaking, water pipes require cleaning). We did not find evidence of what the Ministry planned to do in response to these findings and when.

Ministry Contracts with First Nations Communities that Own Water Systems

The Ministry contracted the maintenance of its water distribution systems used to distribute water to northern settlements that receive water from nearby First Nations communities to the First Nations communities. Its contracts indicated that the First Nations communities were responsible for all normal maintenance for these systems. In these contracts, the Ministry did not require the First Nations communities to give it any maintenance records, or give the Ministry access to the First Nations records about their supervision of maintenance of water systems.

Instead of reviewing periodic maintenance records (e.g., daily or monthly maintenance logs) for these distribution systems, the Ministry's consultant assessed and reported, twice per year, the condition of each of its distribution systems. In our review of each of the consultant's reports for 2015, we found the reports highlighted outstanding maintenance issues for Wollaston Lake. For example, at Wollaston Lake, numerous water system components were required to be cleaned (e.g., distribution lines) to ensure drinking water would meet standards.

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[8] Summary reports are available at www.saskh2o.ca (08 January 2016).

Timely maintenance is required to keep water systems working effectively and to reduce the risk of providing unsafe drinking water to residents of northern settlements.

3.7 Ministry Continues to Research Drinking Water Options for Uranium City Residents

We recommended that the Ministry of Government Relations take prompt action to address problems in providing safe drinking water to northern settlements. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Partially Implemented

Our 2012 audit noted that water quality in certain northern settlements had been a long-term problem. As described in earlier sections, while the Ministry has made progress on many issues, others continued to pose difficulties such as supplying quality drinking water to residents of the northern settlement of Uranium City.

The Ministry inherited a very outdated water system in Uranium City that it continues to operate. The system was built for a much larger population. This means it is expensive to maintain and operate. A precautionary drinking water advisory has been in place for Uranium City since 2001 due to the design of the water system. An emergency boil water order was issued in February 2015 due to the presence of E. coli.[9] This order remained in effect for the remainder of the year. **Figure 4** explains drinking water advisories and orders.

Figure 4—Description of Water Advisories and Orders

Water Security Agency issues precautionary drinking water advisories where drinking water quality problems may exist but an immediate public health threat has not been identified. Under a precautionary drinking water advisory, water must be boiled before it is used for drinking purposes, or used for other activities where it could be consumed, such as brushing teeth, dishwashing, or washing fruits and vegetables.

Regional health authorities issue emergency boil water orders when a confirmed threat to public health exists (i.e., microbial contamination).

A listing of these orders and advisories are publicly available on the SaskH2O website at www.saskh2o.ca/advisories.asp.

Source: www.saskh2o.ca/advisories.asp (08 January 2016).

We found that the Ministry continued to work on potential solutions to the water quality issues in Uranium City. For example, it completed a water system assessment in May 2015 to determine potential solutions. The Ministry indicated that, at December 2015, it was deliberating to determine an appropriate solution to address water system concerns in a cost-effective manner.

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[9] E. coli is a bacteria that can make people sick.

Unless the Ministry takes prompt corrective action to resolve drinking water issues, the health of residents in affected northern settlements remain at risk.

3.8 Information on Water Quality not Always Provided

> We recommended that the Ministry of Government Relations implement a formal process for communicating in writing about the safety of drinking water to residents of the northern settlements of Stanley Mission and Wollaston Lake, as required by its water system permits issued by the Water Security Agency. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)
>
> **Status** – Partially Implemented

The Waterworks and Sewage Works Regulations,[10] and its predecessor *The Water Regulations, 2002*[11] require permit holders to annually provide water consumers with the following information:

- The quality of the water provided in comparison to the water quality standards in the regulations
- The permittee's compliance with the permit for completing water quality testing

For the northern settlement of Wollaston Lake, we found the Ministry developed a process for annually communicating these requirements. This process was consistent with its processes to annually communicate with northern settlements where it owns and operates the water systems. In February 2015, the Ministry communicated the required information to the northern settlement of Wollaston Lake for 2014. For example, it communicated:

- 26 bacteria tests were completed (24 required) and all tests met water quality standards
- All bi-monthly chlorine tests (evaluated by the laboratory as part of the bacteria tests) were completed and chlorine levels were adequate in 75% of the samples
- 99% of daily chlorine tests were completed and chlorine levels were adequate in 99% of the samples

For Stanley Mission, we found the Ministry expected the First Nations community to prepare the required information, but did not follow up to determine if they did. Consistent with the WSA 2015 inspection report for Stanley Mission, we did not find evidence that the 2014 report was completed, and communicated to residents as required.

Communicating the results of water quality testing to residents promotes transparency and confidence in the management of drinking water.

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[10] *The Waterworks and Sewage Works Regulations*, section 42. These regulations came into effect June 1, 2015.

[11] *The Water Regulations, 2002*, section 44. These regulations were repealed effective June 1, 2015.

3.9 Formally Reporting on Drinking Water to Senior Management

We recommended that the Ministry of Government Relations formally report to its senior management the results of water tests and issues with water systems. (2012 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Implemented

In 2014, the Ministry created a new reporting process for drinking water. Ministry staff, responsible for reviewing maintenance logs and water test results, must give monthly written reports to senior management. For a sample of these monthly reports, we found they contained sufficient detail to keep senior management informed of important issues impacting drinking water provided to northern settlements.

Chapter 25
Highways and Infrastructure—Maintaining Bridges

1.0 MAIN POINTS

The Ministry of Highways and Infrastructure (Ministry) is responsible for all matters related to bridges on the provincial highway system, including the maintenance of these bridges. By November 30, 2015, the Ministry had implemented two recommendations initially made in our 2011 audit of the Ministry's processes to maintain bridges on provincial highways. By November 2015, it was keeping its bridge management system records up to date, and gave its senior management comprehensive and timely reports on the results of bridge maintenance activities. Keeping up-to-date information and providing robust and timely reports aids in making informed decisions about the Ministry's bridge maintenance.

2.0 INTRODUCTION

Properly maintained bridges contribute to the safety of the transportation system and supports Saskatchewan's growing economy. The Ministry owns over 700 bridges. It classifies bridges using two general categories: minor[1] and major.[2] It has 594 minor bridges and 138 major bridges.[3] Each year, it spends over $35 million on maintaining, rehabilitating, and replacing its bridges.

This chapter describes our second follow-up of management's actions on the two recommendations we first made in our *2011 Report – Volume 1*, Chapter 6, in our audit of the Ministry's processes to keep bridges within the provincial highway[4] system in good repair.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the 2011 audit. The Ministry's management agreed with the criteria in the 2011 audit.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation, the date on which the Standing Committee on Public Accounts agreed to the recommendation, the recommendation's status at November 30, 2015, and the Ministry's actions up to that date. By November 30, 2015, the Ministry had implemented both recommendations.

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[1] Minor bridges are on average smaller, and consist of both timber and short-span concrete/steel bridge structures. Total deck surface area of minor bridges is 107 thousand square metres.

[2] Major bridges are on average larger, and the majority of the bridge structure is made of concrete that is reinforced with steel. Total deck surface area of major bridges is 136 thousand square metres.

[3] Ministry of Highways and Infrastructure records.

[4] Section 2(b) of *The Highways Act, 1997* defines provincial highways.

3.1 Information on Bridges Kept Current

We recommended that the Ministry of Highways and Infrastructure keep bridge management system records up to date. (2011 Report – Volume 1; Public Accounts Committee agreement October 4, 2012)

Status – Implemented

As part of bridge maintenance, the Ministry periodically inspects each bridge (e.g. inspects major bridges every two years). It enters the results of inspections into a computer system called the Bridge Management System (BMS). It uses BMS to track key information about its bridges (i.e., bridge age, bridge condition, who performed the inspection and when). Timely entry of inspection reports (e.g., bridge condition) provides management with up-to-date information to make informed decisions about the risk of bridge failure and planned and required maintenance.

Since January 2014 (the timing of our first follow-up), the Ministry has implemented a policy and related procedures over entry of key inspection information into BMS (what information to enter and by when). It requires staff to enter results of minor bridge inspections within two weeks of the inspection, and of major bridge inspections within one month of the inspection. In our testing of entry of inspection reports, we found the Ministry was keeping BMS up to date.

3.2 Results of Bridge Maintenance Actively Monitored

We recommended that senior management of the Ministry of Highways and Infrastructure receive and review reports on the results of bridge inspection and maintenance activities. (2011 Report – Volume 1; Public Accounts Committee agreement October 4, 2012)

Status – Implemented

Senior management's receipt and regular review of reports on the results of bridge inspection and maintenance activities support informed long-term decisions about the bridges.

The Ministry created a policy that outlines what information senior management expects to receive and when (e.g., by July 15). For example, the policy requires staff report bridge inspection results each quarter. The policy also requires yearly reporting of its bridge inventory and condition and the results of its bridge maintenance program. We found senior management received the reports for its review by the deadlines specified in the policy; the reports included the required information.

Chapter 26
Highways and Infrastructure—Maintaining Highways

1.0 MAIN POINTS

This chapter reports the results of our third follow-up of the one outstanding recommendation we made to the Ministry of Highways and Infrastructure (Ministry) related to highways maintenance. By January 31, 2016, the Ministry had addressed the recommendation. The Ministry gives senior management sufficient reports on the results of its maintenance activities.

2.0 INTRODUCTION

The Highways and Transportation Act, 1997 makes the Ministry responsible for all matters related to highways including the maintenance of provincial highways. The mission of the Ministry is "to provide a safe, reliable transportation system that supports Saskatchewan's growth economy and quality of life."[1] Saskatchewan's road networks consist of about 26,000 kilometres of highways, including about 11,000 kilometres of asphalt concrete pavements, 4,000 kilometres of granular pavements, 5,000 kilometres of thin membrane surface highways, 6,000 kilometres of gravel highways, and 300 kilometres of ice roads.[2]

In 2010, we assessed the Ministry's processes to maintain highways. Our *2010 Report – Volume 1*, Chapter 7 concluded that the Ministry had adequate processes to maintain highways except for the areas reflected in our four recommendations. By September 2014, the Ministry had implemented three recommendations. One recommendation remained outstanding.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the 2010 audit. The Ministry's management agreed with the criteria in the 2010 audit.

3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 31, 2016, and the Ministry's actions up to that date. We found that the Ministry had implemented the outstanding recommendation.

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[1] Ministry of Highways and Infrastructure, *Annual Report for 2014-15*, p. 3.
[2] Ibid, p. 3.

3.1 Results Monitored

We recommended that senior management of the Ministry of Highways and Infrastructure receive a report on the results of the maintenance activities at the end of the maintenance season, as required. (2010 Report – Volume 1; Public Accounts Committee agreement November 25, 2010)

Status – Implemented

In the spring of 2015, senior management received reports on the results of maintenance activities carried out in the maintenance season. The maintenance season typically runs from May to October. Those reports included information related to achieving its targets, including status of planned work, and comparison of actual surface conditions to expected conditions.

In addition, each month, relevant senior management discusses the expected maintenance work and any major work changes. Annually, senior management receives a presentation and verbal updates of key differences between annual actual results-to-date and targets.

Chapter 27
Justice—Monitoring Municipal Policing

1.0 MAIN POINTS

The Police Act, 1990 assigns responsibility for promoting adequate and effective policing throughout Saskatchewan to both the Saskatchewan Police Commission (Commission) and the Minister Responsible for Corrections and Policing.[1] Municipal police services and the Royal Canadian Mounted Police (RCMP) provide policing services in Saskatchewan. Municipal police services, excluding policing services provided by the RCMP, are responsible for providing police services in 13 municipalities.

By February 29, 2016, the Commission and the Ministry of Justice (Justice) had implemented all recommendations resulting from our 2011 audit of the Commission's and Justice's processes to monitor municipal policing (other than services provided by the RCMP).

2.0 INTRODUCTION

This chapter describes our second follow-up of management's actions on the recommendations we first made in our *2011 Report – Volume 2*, Chapter 4 in our audit of the Commission's, and Justice's where applicable, processes to monitor municipal policing. We reported the results of our first follow-up in our *2013 Report – Volume 2*, Chapter 45, which found the Commission and Justice had implemented two of the six recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Commission's and Justice's progress towards meeting our recommendations, we used the relevant criteria from the 2011 audit. The Commission and Justice agreed with the criteria in the 2011 audit.

We reviewed and assessed the information provided by management. We interviewed Commission and Justice staff with key responsibilities for monitoring municipal policing. We examined agreements between the Commission and Justice, budget submissions, and financial information. We examined reports received from municipal police forces and supporting audits/reviews completed by staff of the Commission.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 29, 2016, and the Commission's and Justice's actions up to that date. We found that the Commission and Justice had implemented all of the recommendations.

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[1] This responsibility is carried out through the Ministry of Justice.

3.1 Operational Agreement Signed

We recommended that the Ministry of Justice and the Saskatchewan Police Commission have a written agreement that sets out their respective roles and responsibilities for promoting adequate and effective policing throughout Saskatchewan. (2011 Report – Volume 2; Public Accounts Committee agreement September 23, 2014)

Status – Implemented

We recommended that the Saskatchewan Police Commission in partnership with the Ministry of Justice develop strategic and operational plans for effective monitoring of municipal policing. (2011 Report – Volume 2; Public Accounts Committee agreement September 23, 2014)

Status – Implemented

On November 5, 2014, the Commission and Justice signed an operational memorandum of understanding (MOU) that outlines the respective roles and responsibilities of each party for promoting adequate and effective policing throughout Saskatchewan. The MOU is in effect until March 31, 2022.

The MOU described the strategic direction for monitoring municipal policing and key activities to support that direction. For example, the Commission expects to use reports about key policing activities (e.g., firearms discharges, incidents involving use of force) to identify areas for audits or other investigations. The MOU reflected the Commission's and Justice's key strategies to help them carry out their legislative mandate.

3.2 Resources Provided

We recommended that the Ministry of Justice ensure that the Saskatchewan Police Commission has adequate resources to fulfill its mandate under *The Police Act, 1990*. (2011 Report – Volume 2; Public Accounts Committee agreement September 23, 2014)

Status – Implemented

The Commission is funded through the Ministry of Justice. It receives about $203 thousand each year. Justice also continues to provide it with support services (e.g., human resources, financial, communications).

Each year as part of developing Justice's budget submission, the Commission and Justice work together to forecast the Commission's expenses for the upcoming year and future three years. Where requested funding differs from approved, the Commission reprioritizes its activities and initiatives.

3.3 Monitoring Process Implemented

We recommended that the Saskatchewan Police Commission and the Ministry of Justice implement a process for monitoring compliance with municipal policing standards and ensure action is taken to address non-compliance. (2011 Report – Volume 2; Public Accounts Committee agreement September 23, 2014)

Status – Implemented

On April 1, 2014, the Commission hired a Policy, Standards, and Compliance Officer (Compliance Officer). Duties of the Compliance Officer included:

- Evaluating individual police services to assess their compliance with established policies, standards, and legislation, and alignment with best practice (i.e., conducting operational audits)
- Evaluating Commission programs and services and recommending changes

During 2015-16, the Compliance Officer completed four operational audits on the following three topics: defensive tactics training, the use of the detention restraint chairs, and energy weapon deployments (e.g., tasers).

The Commission and Justice also continued to monitor the emergence of trends or patterns in police service operations. They looked for trends which may suggest failure to comply with policing standards, or to address individual incidents of non-compliance. For example, they reviewed reports about complaints filed with the Public Complaints Commission,[2] certain higher risk activities, progress of ongoing discipline investigations, and cases where serious incidents occurred.

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[2] The Public Complaints Commission is an independent body created under *The Police Act, 1990*.

Chapter 28
Prairie North Regional Health Authority—Granting Physician Privileges

1.0 MAIN POINTS

This chapter describes our second follow-up of the actions of Prairie North Regional Health Authority (Prairie North) on four recommendations we initially made in our 2011 audit of Prairie North's processes to grant physician privileges. By February 29, 2016, Prairie North had implemented the four recommendations.

Prairie North has aligned its processes with the Practitioner Staff Bylaws, clarified the responsibilities of its Medical Advisory Committees, developed requirements for physicians doing special procedures, and analyzed and revised medical privileges as necessary.

2.0 INTRODUCTION

Under *The Regional Health Services Act*, regional health authorities are responsible for granting medical privileges to physicians. Physicians must receive medical privileges before they can admit patients to hospitals to do diagnostic tests, perform surgeries, etc.

Our first follow-up,[1] reported in our *2013 Report – Volume 1*, Chapter 24, found that Prairie North had implemented three of the seven recommendations initially made in our 2011 audit of Prairie North's processes to grant medical privileges to physicians.[2]

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Prairie North's progress towards meeting our recommendations, we used the relevant criteria from the 2011 audit. Prairie North's management agreed with the criteria in the original 2011 audit.

To perform our follow-up on our recommendations, we discussed actions taken with management, reviewed relevant documentation (e.g., policies and procedures, minutes of the Medical Advisory Committees), and sampled physician reappointments.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 29, 2016, and Prairie North's actions up to that date. We found that Prairie North had fully implemented the four remaining recommendations.

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[1] This follow-up assessed management's actions up to March 31, 2013.

[2] See our *2011 Report – Volume 1*, Chapter 10 for the results of this audit. In this audit, we concluded that Prairie North did not have adequate processes to grant medical privileges to physicians.

3.1 Processes Consistent and Aligned with Bylaws

We recommended that Prairie North Regional Health Authority monitor whether its processes for granting medical privileges are aligned with its Practitioner Staff Bylaws and take action to ensure consistent processes across the region. (2010 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Implemented

Prairie North has implemented processes to align granting of medical privileges with the Practitioner Staff Bylaws. In April 2013, Prairie North developed terms of reference for its Practitioner Advisory Committee[3] and Medical Advisory Committees. Consistent with those terms of reference, Prairie North uses three Medical Advisory Committees[4] to review the requested medical privileges of its physicians, and make recommendations to the Board. We found this process to be consistent across the Region, and with the Practitioner Staff Bylaws.

Prairie North has assigned three physicians as co-senior medical officers. They are jointly responsible for ensuring that physician appointment, privileging, reappointment, and discipline processes are appropriate and consistent with the Practitioner Staff Bylaws.

3.2 Clear Responsibilities Set

We recommended that Prairie North Regional Health Authority clarify the responsibilities of the Chief of Medical Staff and committees in each hospital for granting medical privileges. (2010 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Implemented

The terms of reference for its Practitioner Advisory Committee and Medical Advisory Committees, noted in **Section 3.1**, clarified the responsibilities of these committees for granting physician privileges.

In January 2015, Prairie North further clarified the responsibilities of its co-senior medical officers (formally referred to as Chief of Medical Staff) and the Vice President of Practitioner Staff Affairs. It has made these individuals responsible for the following: monitoring the processes used to appoint and assess physicians and their privileges, and monitoring the qualification of the physicians to provide services as established by Prairie North.

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[3] The Practitioner Advisory Committee provides policy advice to coordinate processes to grant medical privileges. It has delegated its responsibility of appointment, reappointment, termination, suspension, discipline, and privileging of physicians to the Medical Advisory Committees.

[4] Medical Advisory Committees are located in North Battleford, Lloydminster, and Meadow Lake.

3.3 Requirements Set for Special Procedures

We recommended that Prairie North Regional Health Authority set requirements for granting medical privileges to physicians doing special procedures such as anesthesia or practicing as specialists in the region. (2010 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Implemented

Since March 2013 (our last follow-up), Prairie North has set requirements for granting privileges to all physicians doing special procedures (e.g., anesthesia, obstetrics, general surgery). The requirements set out the required skills, along with the mandatory training needed to maintain those privileges. For example, to be approved to perform basic laparoscopic procedures, a general surgeon must have diagnostic laparoscopic training in a recognized course, plus supervised operating experience (e.g., must do 50 cases with another surgeon present before doing procedures alone).

3.4 Privileges Analyzed and Revised as Necessary

We recommended that Prairie North Regional Health Authority analyze whether physicians complied with the medical privileges granted and revise medical privileges as necessary. (2010 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Implemented

Each year, Prairie North analyzes whether physicians comply with the medical privileges granted, and revises the medical privileges as necessary. It does this during the annual physician reappointment process. We found the Medical Advisory Committees reviewed a physician's request for reappointment. The review entailed evaluating each physician's privileges based on the set requirements, along with ensuring compliance with the required certification. For example, a physician with emergency room privileges provided a copy of his/her advanced cardiac life support certification/recertification. Using the results of the evaluation, the Committee made a recommendation to the Board (e.g., to reappoint the physician with their privileges or revise the privileges, as necessary).

Chapter 29
Public Employees Benefits Agency—Securing Information Systems and Data

1.0 MAIN POINT

This chapter reports our third follow-up of an outstanding recommendation from our *2010 Report – Volume 2,* Chapter 8, regarding the Public Employees Benefits Agency's (PEBA) processes to secure its information systems and data.

By March 2016, PEBA had fully implemented this recommendation. PEBA formalized its process for testing information technology (IT) security, and continues to periodically test the effectiveness of its IT security.

2.0 INTRODUCTION

PEBA administers certain government pension and benefit plans. To carry out its responsibilities, PEBA uses IT systems to manage, and provide pension and benefit information to plan members. Securing pension and benefit information is vital to fulfilling PEBA's objectives.

In our *2010 Report – Volume 2,* Chapter 8, we concluded that PEBA had adequate controls to secure its information systems and data with some exceptions. We made five recommendations. By January 31, 2014, as reported in our *2014 Report – Volume 1,* Chapter 25, PEBA had implemented four recommendations, and partially implemented the fifth.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance.* To evaluate PEBA's progress towards meeting our recommendation, we gathered relevant evidence and assessed management's progress towards addressing the outstanding recommendation. We reviewed its documentation for periodically testing its IT security. We reviewed security assessments (both completed and in progress) and contracts with third parties PEBA hired to complete security assessments.

3.0 STATUS OF RECOMMENDATION

This section sets out the outstanding recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 10, 2016, and PEBA's actions up to that date.

3.1 Effectiveness of Security Tested

We recommended that the Public Employees Benefits Agency periodically test the effectiveness of its information technology security. (2010 Report – Volume 2; Public Accounts Committee agreement May 18, 2011)

Status – Implemented

PEBA formalized its process for periodically testing its IT security by developing an ongoing IT security testing plan. Also, PEBA continued to periodically test its IT security. In accordance with its established process, PEBA hired an external expert to complete an external web and network penetration test in 2015. PEBA hired another external expert to complete a comprehensive assessment of its IT security; this assessment was in progress at March 10, 2016.

Chapter 30
Saskatchewan Apprenticeship and Trade Certification Commission—Enabling Apprentices to Achieve Certification

1.0 MAIN POINTS

The Saskatchewan Apprenticeship and Trade Certification Commission (Commission) is responsible for developing and executing a relevant, accessible, and responsive apprenticeship training and certification program in Saskatchewan. Apprenticeship is an agreement between a person who wants to learn a trade (an apprentice) and an employer who needs a skilled worker.

In our *2014 Report – Volume 1*, Chapter 11, we made eight recommendations for the Commission to strengthen its processes to enable apprentices to achieve certification. By February 29, 2016, the Commission had implemented six recommendations and made progress on two recommendations. The Commission improved its reporting, better communicated requirements for apprentices to report trade time worked, verified employers complied with regulatory requirements, and improved the timeliness of its issue-driven inspections. Also, it was working on improvements to industry inspections.

2.0 INTRODUCTION

In our *2014 Report – Volume 1*, Chapter 11, we concluded, other than the following, that for the 12-month period ending December 31, 2013, the Commission had effective processes to enable apprentices to achieve Interprovincial Standards Red Seal certifications that meet market demand. It needed to:

- Develop specific, measurable, relevant, and reasonable targets for all performance measures and document methodologies for determining the results of the program
- Develop requirements for regular, formal reporting of interim progress
- Formally require regular reporting of apprentices' on-the-job trade hours
- Implement a formal policy for industry inspections that requires the use of a risk assessment to decide which employers to inspect and how often
- Verify that employers receive an industry inspection as required
- Develop a formal process to ensure employers comply with *The Apprenticeship and Trade Certification Act, 1999* and *The Apprenticeship and Trade Certification Regulations, 2003*
- Follow its policy regarding timely completion of issue-driven inspections

We made eight recommendations. This chapter reports the results of our assessment of the Commission's progress in implementing them. To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Commission's progress towards meeting our recommendations, we used the relevant criteria from the 2014 audit. The Commission's management agreed with the criteria in the 2014 audit.

To perform our follow-up on these recommendations, we discussed actions taken with management, reviewed relevant documentation, and tested certain procedures where necessary.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 29, 2016, and the Commission's actions up to that date. We found that the Commission has implemented six recommendations and made progress on two recommendations.

3.1 Specific, Measurable Performance Targets Set, and Methodologies Documented

We recommended the Saskatchewan Apprenticeship and Trade Certification Commission develop specific, measurable, relevant, and reasonable targets for all performance measures to ensure strategies are achieved to support the apprenticeship and trade certification program. (2014 Report – Volume 1; Public Accounts Committee agreement December 3, 2014)

Status – Implemented

We recommended the Saskatchewan Apprenticeship and Trade Certification Commission document methodologies for determining the results of the apprenticeship and trade certification program. (2014 Report – Volume 1; Public Accounts Committee agreement December 3, 2014)

Status – Implemented

The Commission's *2015-16 Business Plan* contains both performance measures and targets that address the goals outlined in its *2012-17 Strategic Plan*. For example, the Commission has included performance measures and targets related to increasing the number of aboriginals and females registered in the apprenticeship program. This Business Plan describes each performance measure and target, the methodology for measuring each, and expected future trend of each. We found the targets were specific, measurable, relevant, and reasonable.

3.2 Required Reporting of Trade Hours Communicated

We recommended that the Saskatchewan Apprenticeship and Trade Certification Commission formally require regular reporting of apprentices' on-the-job trade hours. (2014 Report – Volume 1; Public Accounts Committee agreement December 3, 2014)

Status – Implemented

Since our 2014 audit, the Commission makes apprentices aware of their responsibility to submit trade time hours to the Commission regularly (e.g., every six months) through the following. Its website notes that apprentices must submit their on-the-job trade hours regularly to obtain credit for time worked. Its application approval letter, sent to apprentices upon approval of their apprenticeship contract, also includes this requirement.

3.3 Industry Inspections Not Formalized, or Completed Timely

We recommended that the Saskatchewan Apprenticeship and Trade Certification Commission implement a formal policy for industry inspections that requires the use of a risk assessment to decide which employers to inspect and how often. (2014 Report – Volume 1; Public Accounts Committee agreement December 3, 2014)

Status – Partially Implemented

We recommended that the Saskatchewan Apprenticeship and Trade Certification Commission verify and document that employers receive an industry inspection as required. (2014 Report – Volume 1; Public Accounts Committee agreement December 3, 2014)

Status – Partially Implemented

By February 2016, the Commission did not have a formal (i.e., written) policy related to industry inspections or to use a risk assessment to decide which employers to inspect and when.

Since our 2014 audit, the Commission has assessed employers in compulsory and regulated trades as higher risk because of regulatory requirements for them. In early 2015, it established a target where at least 30% of annual industry inspections occur at these employers, and of inspecting all employers once every three years. Commission management monitors results against these targets.

For the 10 employer files we examined, one compulsory employer had not received an industry inspection in the past three years. Without a formal policy, the Commission may not conduct industry inspections at the right employers at the right time.

3.4 Employers' Compliance with Legislation Verified

We recommended that the Saskatchewan Apprenticeship and Trade Certification Commission develop a formal process to ensure employers comply with *The Apprenticeship and Trade Certification Act, 1999* and *The Apprenticeship and Trade Certification Regulations, 2003*. (2014 Report – Volume 1; Public Accounts Committee agreement December 3, 2014)

Status – Implemented

The Commission uses various methods to confirm employers comply with the apprentice-to-journeyperson ratios[1] set in laws. These include verifying the ratios through completion of an Employer Data Form during industry inspections, and when an employer requests to train an apprentice.

For the 10 employer files we examined, we found verification of the apprentice-to-journeyperson ratio through one of these methods.

3.5 Policy for Issue-Driven Inspections Followed

We recommended that the Saskatchewan Apprenticeship and Trade Certification Commission follow its policy regarding timely completion of issue-driven inspections. (2014 Report – Volume 1; Public Accounts Committee agreement December 3, 2014)

Status – Implemented

As noted in our 2014 audit, the Commission expects its field consultants to carry out issue-driven inspections[2] within 30 days of receiving a complaint, or within 60 days if the field consultant requests an extension. It uses these inspections to validate and resolve complaints as necessary.

Since our 2014 audit, to help staff complete issue-driven inspections in a timely manner, the Commission developed staff guidance. The Commission also monitors, on a monthly basis, field consultants' compliance with the policy on issue-driven inspections, and advises, in writing, field consultants on their compliance. Where field consultants are not in compliance, it takes additional monitoring steps. The Commission identified that from July 2015 to January 2016, only 3 out of 341 issue-driven inspections were completed late.

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[1] Maximum number of apprentices that may be hired by an employer based on the number of journeypersons working for an employer.

[2] Inspections prompted by either a complaint (e.g., an incorrect apprentice-to-journeyperson ratio) or if an apprentice has failed a level of training or a certification exam.

3.6 Formal Interim Reports to the Board

We recommended the Board of Saskatchewan Apprenticeship and Trade Certification Commission require regular, formal interim reports from management on progress towards achieving performance targets that support the apprenticeship and trade certification program. (2014 Report – Volume 1; Public Accounts Committee agreement December 3, 2014)

Status – Implemented

Since March 2015, the Commission provides progress reports on its performance measures to its Board at each meeting. Each report sets out, for each performance measure, whether the Commission is exceeding, achieving, progressing, or not meeting its target. At each Board meeting, the Commission also provides information on other key operational indicators and statistics such as apprentice exams administered, journeyperson certificates awarded per month, and new apprentice registrations per trade.

Chapter 31
Saskatchewan Immigrant Investor Fund Inc.—Operating HeadStart on a Home Program

1.0 MAIN POINTS

The HeadStart on a Home (HeadStart) program provides loans to homebuilders and developers to construct entry-level housing in Saskatchewan. Saskatchewan Immigrant Investor Fund Inc. (SIIF) is responsible for managing HeadStart.

By December 31, 2015, SIIF had implemented the recommendation we made in our *2014 Report – Volume 1* about HeadStart. It gave its staff guidance that clearly set out what it constituted as success of HeadStart, along with details on how to calculate and track these measures.

2.0 INTRODUCTION

SIIF, a wholly-owned subsidiary of Crown Investments Corporation of Saskatchewan (CIC), was established to operate HeadStart.[1,2] CIC appoints SIIF's Board members who are responsible for managing SIIF. SIIF engages Westcap Mgt. Ltd. (Westcap) to administer HeadStart.[3]

SIIF's mandate is to operate HeadStart in accordance with agreements with the Government of Canada under the federal *Immigration and Refugee Protection Regulations*.[4] Under the agreements, SIIF uses funds (allocations) from the federal Immigrant Investor Program to provide loans to homebuilders and developers for the construction of entry-level housing in Saskatchewan.

At December 31, 2014, SIIF had total assets of $193.4 million (2013: $167.6 million) and total liabilities of $194.9 million (2013: $165.1 million); for the year ended December 31, 2014, it had revenues of $5.0 million (2013: $4.6 million) and expenses of $9.0 million (2013: $3.4 million).[5]

This chapter describes our follow-up of management's actions on the recommendation we made in 2014.

In our *2014 Report – Volume 1*, Chapter 12, we concluded that for the year ended December 31, 2013, SIIF had, other than the following, effective processes to operate HeadStart to meet program objectives. SIIF needed to clearly define its performance measures, and document its methods for calculating these measures. We made one recommendation.

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[1] www.cicorp.sk.ca/funds/saskatchewan_immigrant_investor_fund (2 February 2016).

[2] Cabinet established SIIF on October 6, 2010, through Order in Council 590/2010 issued under *The Crown Corporations Act, 1993*.

[3] SIIF engaged Westcap on July 15, 2011, to administer HeadStart.

[4] On February 11, 2014, the Government of Canada announced that it will no longer be taking funds into its Immigrant Investor Program. SIIF is expected to complete its mandate five years after the last Government of Canada Immigrant Investor Program allocation.

[5] Taken from SIIF financial records and 2014 audited financial statements.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SIIF's progress towards meeting our recommendation, we used the relevant criteria from the 2014 audit. SIIF agreed with the criteria in the 2014 audit. We based our findings on discussions with management as well as examination of key documents.

3.0 STATUS OF RECOMMENDATION

This section sets out the status of the recommendation at December 31, 2015, and SIIF's actions up to that date. At January 2016, the Standing Committee on Crown and Central Agencies had not considered this recommendation. By December 2015, SIIF had implemented the recommendation.

3.1 Performance Measures Defined and Methods Documented

> We recommended that the Saskatchewan Immigrant Investor Fund Inc. clearly define its performance measures and document its methods for calculating these measures. (2014 Report – Volume 1; Standing Committee on Crown and Central Agencies has not yet considered this recommendation)
>
> **Status** – Implemented

In spring of 2014, Westcap implemented guidance for staff that clearly defined the performance measures used to evaluate and determine the success of HeadStart. Key performance measures included the number of HeadStart housing units sold, the number of jobs created by HeadStart projects, and the amount of funds repaid to the federal Immigrant Investor Program.

We found the guidance for each measure defined the measure, identified the source of data, set out expected frequency of calculations, and assigned responsibility for updating, verifying, and reviewing the data and calculations. For example, for the number of HeadStart housing units sold:

- Definition: the number of housing units sold to owners occupying the unit and to owners who will rent the unit
- Source of data: from monthly status reports Westcap obtained from each builder
- Frequency of calculation: monthly
- Responsibility for updating, verifying, and reviewing data and calculation: Westcap's analyst tracks the data, and the Senior Commercial Lender and Vice President verify and review the data and calculations

We found Westcap reported, each quarter, HeadStart results to the SIIF Board for its review.

We tested whether Westcap followed its guidance in preparing the report to the SIIF Board at June 30, 2015. We found Westcap calculated the performance measures using supporting data as expected. At June 30, 2015, SIIF was on track to achieve its 2015 plan. For example, in the first six months of 2015 (by June 30, 2015):

- 148 housing units were sold as compared to its 2015 target of 300 HeadStart housing units to be sold
- 124 jobs were created to construct HeadStart housing units as compared to its 2015 target of 150 jobs
- 647 housing units were under construction and 1,167 housing units were constructed (totalling 1,814) as compared to its overall target of constructing 1,500 entry-level housing units by December 31, 2016

Chapter 32
Saskatoon Regional Health Authority—Triaging Emergency Department Patients

1.0 MAIN POINTS

By March 2016, Saskatoon Regional Health Authority (Saskatoon RHA) had implemented two of the eight recommendations we first made in 2013. These recommendations related to the effectiveness of Saskatoon RHA's processes to triage patients in its three City of Saskatoon hospital emergency departments.

By March 2016, Saskatoon RHA gave emergency department staff real-time access to bed availability information, and started measuring the total wait time from when a patient arrives in its emergency department.

Saskatoon RHA needed to do further work in the following areas. It needs to:

- Develop alternate care models for consultants (specialist physicians) to meet with non-emergent patients outside of the emergency department
- Make sure the medical conditions of patients in emergency waiting rooms are reassessed and priority patients see a physician in a timely manner
- Periodically review its triage process to confirm it appropriately prioritizes patients

2.0 INTRODUCTION

Under *The Regional Health Services Act*, Saskatoon RHA is responsible for emergency healthcare services of hospitals within its region.

In our *2013 Report – Volume 2*, Chapter 30, we concluded that for the period September 1, 2012 to August 31, 2013, Saskatoon RHA did not have effective processes to triage patients in its three city hospital emergency departments. We made eight recommendations.

This chapter reports the results of our first follow-up of management's progress towards addressing those recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Saskatoon RHA's progress towards meeting our recommendations, we used the relevant criteria from the 2013 audit. Saskatoon RHA's management agreed with the criteria in the 2013 audit.

To perform our follow-up, we examined Saskatoon RHA's policies and procedures related to triaging emergency department patients. We interviewed management, reviewed data provided by Saskatoon RHA, and sampled patient files.[1] We also observed the processes followed from the time of a patient's arrival in the emergency department to first being seen by an emergency department physician.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 31, 2016, and the Saskatoon RHA's actions up to that date.

By March 2016, one recommendation is no longer relevant as Saskatoon RHA changed its goal. Saskatoon RHA implemented two recommendations and has made progress on the remaining five recommendations.

3.1 New Goal in Place for Emergency Departments

We recommended that Saskatoon Regional Health Authority establish a process to achieve its goal of reducing less-urgent and non-urgent patient visits to its emergency departments. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – No Longer Relevant

In the 2013 audit, we noted that Saskatoon RHA had a goal to reduce less-urgent and non-urgent patient visits to its emergency departments by 25% for 2013-14 (visit-reduction goal).[2] Since our audit, the Government has implemented provincial wide goals for the health sector. Saskatoon RHA has adopted the provincial goals. As a result, it has moved away from its 2013 goal and adopted the new provincial target to reduce wait times 60% from the March 2015 levels by 2019. Within this target, the Saskatoon RHA will be expected to meet specific wait time goals, which vary according to the severity of a patient's condition.

3.2 Planning to Provide Consultant Care Outside of Emergency Departments

We recommended that Saskatoon Regional Health Authority provide consultant care for less-urgent or non-urgent patients outside of its emergency departments. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Partially Implemented

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[1] A patient file is the documented information of a patient's visit to the emergency department. To protect patient confidentiality, personal information about the patient was de-identified.

[2] *Provincial Auditor Saskatchewan 2013 Report – Volume 2*, p. 224.

At March 2016, Saskatoon RHA determined that 35% of emergency department admissions are there to see a consultant.[3] It has plans to develop alternate care models for orthopedic and neurology consultant visits outside of its emergency departments.

The consultants' use of emergency rooms can cause significant bottlenecks within emergency departments.

3.3 Systems Established to Determine Bed Availability

We recommended that Saskatoon Regional Health Authority establish an integrated process to manage beds for emergency departments, acute care and long-term care. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Implemented

In 2013, we noted that emergency departments may have experienced delays in becoming aware of availability of acute care[4] beds in other hospital medical departments due to limitations of Saskatoon RHA's computer systems. The number of emergency department patients waiting for acute care beds meant those beds could not be used for assessment and treatment of other emergency patients, adding to the wait time of those patients.

By March 2016, the Sunrise Clinical Manager (SCM) system (an emergency department IT system) and Patient Flow system (bed management IT system) interact. The systems now provide emergency department staff with real-time information about hospital bed availability. For example, nurses and physicians in the emergency department can use the Patient Flow system to check when a bed is available to move a patient in the emergency department to another medical department in the hospital.

3.4 Assessing Emergency Patients Improving

We recommended that Saskatoon Regional Health Authority implement a process to direct patients entering its emergency departments to the appropriate areas for assessment and reassessment. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Partially Implemented

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[3] Consultant care includes specialist physicians asking patients to meet them at emergency departments for consultations.
[4] Acute care is where a patient receives necessary treatment for an illness for a short period time.

We recommended that Saskatoon Regional Health Authority staff routinely reassess patients in emergency department waiting rooms to determine that their conditions have not deteriorated. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Partially Implemented

In the 2013 audit, we identified some issues patients had with the physical layout of Saskatoon's emergency departments. During our 2013 waiting room observation and testing of triage files, we found that staff often did not regularly reassess the medical condition of emergency department patients according to Canadian Triage and Acuity Scale (CTAS) based standards.[5]

In 2015, Saskatoon RHA planned to implement a Triage Captain position for each emergency room in two of its three city hospitals that provide 24-hour service. The Triage Captain would:

- Serve as the first point of contact for patients entering the emergency department and direct them elsewhere, if needed
- Be responsible for documenting their reassessment of patients in the waiting room
- Notify nurses and/or physicians of changes in patient status

By 2016, it had a Triage Captain in one city hospital.

Not regularly reassessing patients' medical conditions increases the risk of not identifying deterioration in patients' conditions in a timely manner.

3.5 Physicians Not Seeing Emergency Department Patients within Established Time Goals

We recommended that Saskatoon Regional Health Authority accurately measure and report the total wait time, starting from the patients' arrival into its emergency departments until the time they see a physician. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Implemented

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[5] The Canadian Triage and Acuity Scale (CTAS) is a tool for prioritizing emergency patients endorsed by the Canadian Association of Emergency Physicians, National Emergency Nurses Affiliation of Canada, and L'association des medicins d'urgence du Quebec.

We recommended that Saskatoon Regional Health Authority put processes in place to ensure emergency department patients see physicians within established time goals. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Partially Implemented

Since our 2013 audit, Saskatoon RHA has changed how it tracks the length of time for patients to see a physician once they have entered the emergency department. Saskatoon RHA's measurement of wait time includes the length of time between patients arriving at emergency and being triaged in line with industry standards (i.e., CTAS).

Saskatoon RHA is striving to improve its processes for moving a patient from the emergency department to another medical department in the hospital (e.g., through better IT system interactions – see **Section 3.3**). Moving patients out of the emergency departments would facilitate more timely examinations of other emergency department patients.

Management periodically reviews the recorded wait times experienced by emergency department patients. They acknowledge that while Saskatoon RHA is not meeting the provincial targets for wait time goals, it is working towards them.

For 100% of the emergency department triage files we reviewed, a physician did not see emergency department patients within the CTAS time goals. Seeing a physician in a timely manner reduces the risk that a patient is not properly cared for.

3.6 Accuracy of Triage Levels Starting to be Assessed

We recommended that Saskatoon Regional Health Authority periodically review the triage process to determine whether emergency department patients are appropriately categorized. (2013 Report – Volume 2; Public Accounts Committee agreement January 15, 2015)

Status – Partially Implemented

Saskatoon RHA uses SCM to document the triage of emergency patients. SCM automatically assigns CTAS levels to patients based on their primary complaint and other data, such as vital signs and family history. Triage nurses can assign patients a higher CTAS level if they assess that the patient presents signs of higher needs. Triage nurses cannot prioritize patients below the SCM-assigned CTAS level.

Management indicated that they are developing a post-triage audit process. They expect this process would identify reoccurring issues with the triage processes. During July 2015, staff completed post-triage audits at one city hospital. By March 2016, staff had not yet done any further post-triage audits.

Post-triage audits allow for the assessment of the accuracy and adequacy of the emergency department triage process. Post-triage audit findings provide useful information for future improvement and further training.

Chapter 33
Social Services—Protection of Children in Care

1.0 MAIN POINTS

This chapter describes our follow-up of management's actions on the seven outstanding recommendations we previously made relating to the Ministry of Social Services (Ministry) processes to protect children in care.

By March 2016, the Ministry had implemented two recommendations. It changed the frequency of its quality assurance reviews at the First Nations agencies to be the same as for its three service areas – annually. The Ministry also monitored quality assurance results and established targets for compliance with child protection standards.

The Ministry has more work to do on the remaining five recommendations. While it continues to actively work with its staff and First Nations agencies who provide services to children in care, and monitor compliance with its child-protection standards, progress on improving compliance with its child-protection standards is slow. The Ministry also needs to work with the First Nations agencies to receive all of the information it needs to monitor the well-being of children in care.

2.0 INTRODUCTION

Under *The Child and Family Services Act*, the Minister of Social Services can intervene on a child's behalf if the child is in need of protection due to physical, sexual, or emotional abuse or neglect.

In our *2013 Report – Volume 2*, Chapter 24, we reported on the Ministry's controls to protect children in care. We had seven outstanding recommendations related to the Ministry's processes to protect children in care.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we examined agreements, quality assurance reports, and other relevant documents. We also had discussions with various Ministry staff.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 24, 2016, and the Ministry's actions up to that date. We found that the Ministry implemented two recommendations, and continues to work on the remaining five.

3.1 Better Compliance with Ministry Child-Protection Standards Needed

We recommended that the Ministry of Social Services follow its processes to ensure that children in care are protected. (2003 Report – Volume 3; Public Accounts Committee agreement September 28, 2004)

Status – Partially Implemented

At March 31, 2015, 17 First Nations agencies and 3 service areas[1] provided services to children in care. The Ministry has established rules and procedures to protect children who are in the care of the Minister (child-protection standards). These standards apply to all children in care; this includes children who are under the care of First Nations agencies, and those who are under the care of the Ministry in its three service areas.

On an annual basis, the Ministry conducts quality assurance reviews to monitor the compliance of First Nations agencies and service areas with its child-protection standards. As part of these reviews, it measures and tracks compliance rates. **Figure 1** sets out the last two years of Ministry's quality assurance findings expressed as average compliance rates.[2]

As shown in **Figure 1**, the average compliance rates for a number of key child-protection standards remained relatively low (around 50%) for both First Nations agencies and its own service areas for a number of key standards. Lack of compliance with its standards increases the risk that children in care may not receive the care they need.

Figure 1—Actual Compliance Rates with Child-protection Standards

	First Nations Agencies		Ministry Service Areas	
	2014-15	2013-14	2014-15	2013-14
# Agencies Reviewed	8	9	2	1
Maintain current child development plans every 120 days	56%	56%	58%	53%
Have contact with the child within the first two days of placement	40% [A]	56%	54% [B]	40%
Complete home safety checks at foster homes	81%	64%	63%	72%
Review foster homes on an annual basis	72%	54%	57%	65%
Complete criminal record checks at the time of home study	72% [C]	77%	93% [D]	71%

Source: Ministry of Social Services Quality Assurance Reports.
[A] Compliance ranged from 0% to 89% in 2014-15 (2013-14: 28 to 88%).
[B] Compliance ranged from 33% to 57% in 2014-15.
[C] Compliance ranged from 33% to 96% in 2014-15 (2013-14: 45% to 91%).
[D] Compliance ranged from 93% to 94% in 2014-15.

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[1] The Ministry has divided the province into three service areas (i.e., South, Centre, and North).
[2] At March 9, 2016, the Ministry had not finalized its 2014-15 Quality Assurance Reports for nine First Nations agencies and one service area.

We recommended that the Ministry of Social Services adequately monitor the First Nation Child and Family Services agencies' compliance with the Ministry's standards for approval of out-of-home care providers. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Partially Implemented

The Ministry's child-protection standards include procedures related to out-of-home care providers. For example, a key procedure for approving out-of-home care providers is the completion of criminal record checks for all adults living in the home. As shown in **Figure 1**, criminal record checks are not always done. For 2014-15, the average compliance rate for criminal record checks ranged from 72-93% for First Nations agencies and service areas.

Making sure criminal record checks are obtained prior to granting out-of-home providers approval to provide care reduces the risk that a child is put in an unsafe environment.

3.2 Monitoring Achievement of Targets

We recommended that the Ministry of Social Services monitor quality assurance results, establish increasing and achievable targets for compliance with child protection standards in its own service areas and at First Nation Child and Family Services agencies, and work to achieve those targets. (2012 Report – Volume 2; Public Accounts Committee agreement June 17, 2014)

Status – Implemented

The Ministry routinely monitors quality assurance results to baseline data.

Each year, the Ministry prepares quality assurance reports on service areas and First Nations agencies that it assessed in that year. It makes recommendations to help staff of service areas and agencies improve their compliance with its standards. Ministry staff discusses these recommendations with the staff of the related service area, or First Nations agency management prior to finalizing the report. The Ministry requires service-area staff, and First Nations agencies to provide it with a response and action plan to address recommendations. The Ministry monitors whether the service area and First Nations agency complete the planned actions.

In 2016, the Ministry started to review its service areas and the First Nations agencies to understand the conditions within each service area and agency. During these reviews, the Ministry identified key child protection standards to be targeted for measured improvement. These key child protection standards include:

- Child protection contact standards
- Child care contact standards

- Risk assessments and risk re-assessments
- Family reunification assessments
- Annual reviews for resource providers (e.g., foster homes)
- The two standards which had the lowest compliance rate during the review period

The Ministry has set a longer-term target of 85% compliance for each child protection standard. Each year, the Ministry makes recommendations outlining the level of improvement required for the child protection standards. For example, in 2016, the Ministry and the First Nations agencies agreed to target a 5-10% increase in compliance rates from the previous year with the child protection standards. This process is expected to continue until a compliance rate of 85% is achieved.

3.3 Consistent Receipt of Complete and Timely Reports on Children in Care on Reserves Needed

We recommended that the Ministry of Social Services implement a system to know how many children are the Minister's responsibilities, who they are, and where they live. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Partially Implemented

We recommended that the Ministry of Social Services make agreements with First Nation Child and Family Services agencies to require timely and relevant information to ensure proper care for children who are wards of the Minister. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Partially Implemented

Since 2012, the Ministry has used its electronic case management system (Linkin) to assist in monitoring and tracking children who are in the care of the Minister. Using Linkin, the Ministry tracks children in care off reserve by foster home.

Each First Nations agency is required to monitor and track children in care on reserve and report this information to the Ministry. At March 2016, the Ministry continued to not receive all of the agreed-upon information from First Nations agencies related to children in their care.

In 2013 and 2014, the Ministry signed new delegation agreements with 15 of the 17 First Nations agencies who provide services to children in care. Two First Nations agencies (Yorkton Tribal Council and Saskatoon Tribal Council) continued to refuse to sign the new delegation agreements with the Ministry. The Yorkton Tribal Council continues to work with the Ministry on the outstanding matters related to the agreements' reporting and accountability provisions. It submits monthly reports on children in its care. The

Ministry indicated that negotiations continue with the Saskatoon Tribal Council on a data sharing protocol to address reporting and accountability for children in its care.

In each of its agreements with the 15 First Nations agencies, the First Nations agencies agree to submit, to the Ministry, monthly or annual reports of all the children taken into care.

We found that the Ministry did not always receive monthly reports from the First Nations agencies on a timely basis. Only 56% of the agencies we sampled submitted monthly reports within six weeks after the end of the reporting month.

We also found that for 67% of the monthly reports we sampled, the reports did not include all of the agreed-upon information. For example, the reports did not always include the caregiver's name, or the admission date of the child in care.

Also in these agreements, the First Nations agencies agree to submit to the Ministry, on an annual basis, other information related to child and family services provided. Such information is to include a listing of agency staff with qualifications, completion of criminal record checks, and clearances from the child abuse registry. We found that 50% of the First Nations agencies we sampled did not provide the annual agreed-upon information to the Ministry.

Without receipt of timely and relevant information from the First Nations agencies, the Ministry cannot ensure children who are in the care of the Minister are properly tracked and cared for.

3.4 Access to All Child Protection Files Held by Saskatoon Tribal Council Needed

We recommended that the Ministry of Social Services conduct reviews to monitor compliance with child protection standards at First Nation Child and Family Services agencies as often as it does for its own service areas. (2012 Report – Volume 2; Public Accounts Committee agreement June 17, 2014)

Status – Implemented

We recommended that the Ministry of Social Services seek regular personal contact with children who are wards of the Minister and regularly review the First Nation Child and Family Services agencies' child protection files. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Partially Implemented

Starting in 2014, the Ministry increased the frequency of its quality assurance reviews of First Nations agencies providing services to children in care from every three years to annually. Carrying out reviews annually is consistent with the frequency of the reviews conducted at the Ministry's service areas.

Other than the Saskatoon Tribal Council, the Ministry had access to all childcare files and other resource files (e.g., foster care home files) for all First Nations agencies when completing its annual quality assurance review. For the Saskatoon Tribal Council, in 2014-15, the Ministry's access was limited to childcare files of the children who were transferred from the Ministry to the Saskatoon Tribal Council. As a result, its annual quality assurance review of the Saskatoon Tribal Council was not complete in that it did not include a review of other childcare files, family service files, or resource files.

Without access to all files relating to children in care, the Ministry cannot determine if children are properly cared for and protected.

Chapter 34
Sunrise Regional Health Authority—Infection Prevention and Control

1.0 MAIN POINTS

Sunrise Regional Health Authority (Sunrise) is responsible for preventing and controlling the spread of infections in all of its long-term care facilities. Infections pose health and safety risks to residents, staff, and visitors.

By March 2016, Sunrise Regional Health Authority had fully implemented six of ten recommendations we first made in 2014 related to the prevention and control of infections in long-term care facilities. It developed a more robust infection prevention and control plan, developed and implemented new infection prevention and control guidance, and actively trained its staff on expected practices. However, it had not yet:

- Consistently communicated to visitors its expectations of them for preventing and controlling infection in its long-term care facilities (e.g., hand hygiene in public washrooms)
- Consistently supervised cleaning in various areas of long-term care facilities
- Formally analyzed and reported on trends in key types of infections that affect long-term care residents

Addressing each of the above areas can contribute to more effectively preventing and controlling infections in long-term care facilities.

2.0 INTRODUCTION

In our *2014 Report – Volume 1*, Chapter 13, we concluded that Sunrise had, other than areas related to our recommendations, effective processes to prevent and control infections in long-term care facilities. We made 10 recommendations.

This chapter describes our first follow-up of management's actions on the recommendations we made in 2014.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Sunrise's progress towards meeting our recommendations, we used the relevant criteria from the 2014 audit. Sunrise agreed with the criteria in the 2014 audit. To do our follow-up, we discussed with management progress they made in meeting our recommendations, reviewed supporting documentation, and visited three long-term care facilities in the region to verify the progress.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 24, 2016, and Sunrise's actions up to that date. We found that Sunrise had implemented six recommendations, but still has work to do to implement the other four recommendations.

3.1 Infection Control Planning Expanded

We recommended that Sunrise Regional Health Authority expand its infection prevention and control plan to include goals, actions, and targets for long-term care facilities, and have the plan approved by its Board. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

In June 2014, the Board of Sunrise approved its revised infection prevention and control plan that included goals, actions, and targets for long-term care facilities. The revised plan included targets (e.g., 75% hand hygiene compliance rate). It also set out a formal reporting framework (e.g., reports required to senior management or the Board).

Key actions for long-term care facilities included: increasing compliance with hand hygiene practices, implementing cleaning requirements for all areas of long-term care facilities, documenting the level of cleaning completed, and developing consistent processes for handling and segregating soiled laundry to reduce the risk of infection.

3.2 Communication with Staff and the Public on Infection Risks Improved

We recommended that Sunrise Regional Health Authority consistently communicate its practices on infection prevention and control in its long-term care facilities to front line staff and the public. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Partially Implemented

Sunrise used a variety of ways to communicate its practices on infection prevention and control. Since 2014, Sunrise developed several new educational brochures (e.g., techniques for performing hand hygiene, guidelines for placement of alcohol-based hand rub dispensers, precautions signage) for long-term care facilities. It shared them with managers, supervisors, and frontline staff by email and through local committee meetings. It made its educational materials, guidelines, and policies and procedures available to staff through its intranet. Sunrise staff have access to the intranet, and receive notifications on updates or when new information is added.

While Sunrise did a good job on communicating its infection prevention and control practices to staff, we found inconsistent use of public posters and signage at the long-term care facilities we visited. While all of the long-term care facilities we visited had hand hygiene stations at the front entrance with signage, only one facility had signs to inform visitors with flu symptoms to refrain from visiting. Also, public washrooms in two of the long-term care facilities that we visited did not have signage related to hand hygiene practices.

Informing the public about the risks of spreading infection is important, as residents of long-term care facilities could become seriously ill when they come into contact with the visiting public carrying infections.

3.3 Written Procedure on the Location of Hand Hygiene Supplies Developed

We recommended that Sunrise Regional Health Authority implement a written procedure to require hand hygiene stations to be readily accessible at points of care in its long-term care facilities. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

Since 2014, Sunrise developed and implemented written guideline for the required locations of hand hygiene stations. The guideline requires the placement of hand hygiene products in all areas where it provides client, patient, or resident care. We found hand hygiene stations were accessible at points of care in long-term care facilities we visited. For example, we observed hand hygiene stations outside every resident room, at all entrances and exits at the facility, and at all work stations.

3.4 Monitoring of Cleaning Still Needed

We recommended that Sunrise Regional Health Authority implement cleaning procedures that identify cleaning requirements for all areas of long-term care facilities. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

We recommended that Sunrise Regional Health Authority require staff document the level of cleaning completed on each area of long-term care facilities and have the documentation reviewed by a supervisor. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Partially Implemented

Since 2014, Sunrise developed specific cleaning procedures for all common areas. These procedures provide guidelines for cleaning frequency for all areas of long-term care facilities, and the use of daily worksheets to track and monitor cleaning. The guidelines require staff to document the level of daily cleaning on the daily worksheet.

While all facilities documented the level of cleaning carried out, we found all supervisors did not review the cleaning worksheets in all facilities.

Supervisors not reviewing the cleaning performed could result in facilities not receiving thorough cleaning. Insufficient cleaning increases the risk of spreading infections.

3.5 Policy and Procedures for Handling Soiled Laundry Developed

We recommended that Sunrise Regional Health Authority consistently handle and segregate soiled laundry to reduce the risk of infection to staff and residents of long-term care facilities. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

Since 2014, Sunrise developed policies and procedures for handling and segregating residential laundry. We observed laundry practices in three long-term care facilities. We found staff at each of these facilities bagged and segregated different categories of soiled clothes, according to the policies and procedures.

3.6 Training Plan Developed

We recommended that Sunrise Regional Health Authority develop a training plan to give formal updates on infection prevention and control practices for long-term facility staff. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

Since 2014, Sunrise provided formal training to staff on infection prevention and control practices for long-term care facilities through various ways. For example, it provided annual educational workshops, orientations, and onsite training sessions. Sunrise made its educational brochures available to all staff through its intranet.

Sunrise also tracked and monitored staff attendance at training offered. It developed an online system. Facility managers use this system to schedule required training for their staff and monitor training completed.

3.7 Information System to Monitor Key Infections Developed

We recommended that Sunrise Regional Health Authority collect information on key types of infections that affect long-term care residents. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Implemented

Since 2014, Sunrise identified and tracked key types of infections in long-term care facilities (e.g., ARO infections).[1] It also developed a system for consistently collecting data and reporting key types of infections in long-term care facilities. Each quarter, Sunrise prepared summary data reports on key long-term care infections. It shared them with facility managers and staff.

3.8 Analysis on Key Infection Rates Needed to Address Risks

We recommended that Sunrise Regional Health Authority routinely analyze information on key types of infections that affect long-term care residents. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Partially Implemented

We recommended that Sunrise Regional Health Authority give senior management and the Board routine written analysis on rates and trends of key infections in long-term care facilities. (2014 Report – Volume 1; Public Accounts Committee agreement February 12, 2015)

Status – Partially Implemented

While Sunrise collected data about key types of infections in long-term care facilities, it did not analyze why infections trends are occurring. The analysis could include the causes of infections, details on individual cases, and recommendations for future prevention.

For 2014-15, Sunrise developed annual reports and quarterly reports on infection control for the Board and management respectively. The reports included ARO infection rates, reported infection rates (e.g., bowel surgery infections), regional outbreaks, and hand hygiene compliance rates.

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[1] Antibiotic resistant organisms (ARO) infections arise when a person becomes infected with bacteria that is resistant to antibiotics (e.g., MRSA).

However, the reports did not include analysis of trends or set out what Sunrise was doing to prevent future incidents. For example, it did not include reasons for 11 ARO infections in long-term care facilities reported for the period October 1 to December 31, 2015, or plans to reduce future infections.

Through detailed analysis of trends of infections, Sunrise could improve its ability to identify emerging risks and protect long-term care staff and residents from infections. In addition, the analysis would allow Sunrise to better assess the effectiveness of its infection control and prevention plans and activities.

Chapter 35
Technical Safety Authority of Saskatchewan—Inspecting Boilers and Pressure Vessels

1.0 MAIN POINTS

The Technical Safety Authority of Saskatchewan (TSASK) is responsible for administering and enforcing *The Boiler and Pressure Vessel Act, 1999*, and *The Boiler and Pressure Vessel Regulations* (Regulations). By law, TSASK must perform periodic inspections on boilers and pressure vessels. Regular inspection of boilers and pressure vessels helps prevent equipment malfunction. In the event of a boiler or pressure vessel malfunction, there could be significant harm to facilities, the environment, employees, and the general public.

By January 2016, TSASK had addressed all nine recommendations we made in our 2014 audit of its processes for the inspection of boilers and pressure vessels. TSASK began identifying and assessing risks surrounding the inspection of boilers and pressure vessels and it prepared a plan to address its backlog of outstanding inspections. TSASK also established policies and procedures regarding its risk-informed strategy for inspection selection, the handling of incidents and complaints, and its follow up of inspection deficiencies.

2.0 INTRODUCTION

This chapter describes our follow-up of management's actions on the recommendations we made in our *2014 Report – Volume 1*, Chapter 14. In the Report, we concluded that while TSASK had effective processes to inspect boilers and pressure vessels, its process could be improved. We made nine recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate TSASK's progress towards meeting our recommendations, we used the relevant criteria from the 2014 audit. TSASK's management agreed with the criteria in the 2014 audit.

We reviewed and assessed the information provided and discussed actions with key individuals. We reviewed TSASK's processes for assessing risks associated with boilers and pressure vessels. We examined documentation of TSASK's processes to address incidents, complaints, and to reduce its backlog of outstanding inspections. We also reviewed information that TSASK provides to its Board and the Ministry responsible for the Safety Standards Agreement.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 31, 2016, and TSASK's actions up to that date. We found that TSASK implemented all nine recommendations.

3.1 Risk-Informed Strategy for Inspection Selection Documented

We recommended that the Technical Safety Authority of Saskatchewan identify and formally assess the risks surrounding the inspection of boilers and pressure vessels. (2014 Report – Volume 1; Public Accounts Committee agreement November 19, 2014)

Status – Implemented

We recommended that the Technical Safety Authority of Saskatchewan use a documented risk-informed strategy for inspection selection. (2014 Report – Volume 1; Public Accounts Committee agreement November 19, 2014)

Status – Implemented

We recommended that the Technical Safety Authority of Saskatchewan establish a policy requiring periodic formal re-evaluation of its risk-informed strategy for inspection selection. (2014 Report – Volume 1; Public Accounts Committee agreement November 19, 2014)

Status – Implemented

In 2015, TSASK documented a policy within its Inspection Manual (Manual) for its risk-informed strategy for inspection selection, and the requirements for periodic re-evaluation of its risk-informed strategy. Also in 2015, TSASK began identifying and assessing the risks surrounding the inspection of boilers and pressure vessels.

During 2014, it implemented a new electronic inspection records system (Basebridge). This system enables a documented assessment of risks for boiler and pressure vessel equipment. Using this system, TSASK considers the following three factors to assess the risks of failure associated with each piece of equipment: probability, severity, and detection.

As of January 2016, TSASK had formally assessed the risks associated with about 34% of the over 26,000 pieces of equipment it is responsible for inspecting. TSASK is assessing risks in conjunction with its inspections carried out when equipment is due for an inspection, or when new equipment is installed. It has taken this approach in that inspectors need to conduct visual inspections to fully assess the risks associated with each piece of equipment. Its Regulations set out the required frequency of equipment inspection (i.e., chronologically). As such, TSASK expects that it may take up to five years to complete risk assessments of all equipment for which it is responsible.

Management expects full implementation of its risk-informed strategy once it has assessed risks for the majority of the equipment in the province. The Regulations establish the minimum inspection frequencies for boilers and pressure vessels, ranging from annually to every 10 years depending on the type of boiler or pressure vessel. Management indicated that it is considering whether any legislative changes are necessary to better enable risk-based selection for equipment inspections.

TSASK's policy addressing its risk-informed strategy for inspection selection requires management and the Board to formally re-evaluate the risk-informed strategy for inspection selection. This re-evaluation is to be based on data presented to management and the Board throughout the year about assessed risks associated with boiler and pressure vessel equipment.

3.2 Policies and Procedures Established

We recommended that the Technical Safety Authority of Saskatchewan establish written policies and procedures for handling incidents and complaints. (2014 Report – Volume 1; Public Accounts Committee agreement November 19, 2014)

Status – Implemented

Since our 2014 audit, TSASK updated its Manual to document the process it uses to address incidents and complaints. The updated Manual includes flowcharts that set out this process, and identify the position responsible for each step in the process (e.g., reviewing, analyzing, and responding to incidents and complaints).

We recommended that the Technical Safety Authority of Saskatchewan establish a written policy for follow up of inspection deficiencies. (2014 Report – Volume 1; Public Accounts Committee agreement November 19, 2014)

Status – Implemented

In 2015, TSASK established a written policy for follow up on inspection deficiencies. This policy is included in TSASK's manual. It sets out processes for following up on inspection deficiencies, including the required timelines for follow up with equipment owners (i.e., after 30 days, 60 days), and the actions necessary when equipment owners fail to address identified deficiencies (i.e., cancellation of inspection certificate).

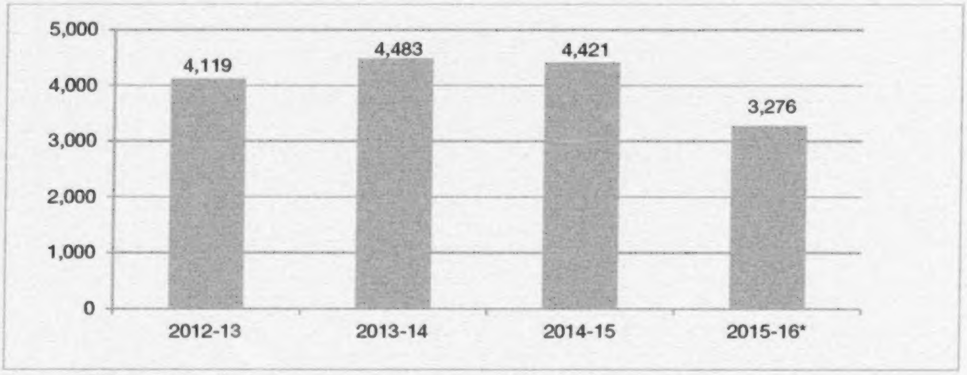
3.3 Process to Address Outstanding Inspections Established

We recommended that the Technical Safety Authority of Saskatchewan formalize the process to clear its backlog of outstanding inspections for boilers and pressure vessels within a reasonable amount of time. (2014 Report – Volume 1; Public Accounts Committee November 19, 2014)

Status – Implemented

In 2015, TSASK prepared an Overdue Inspections Plan (Plan) to clear its backlog of outstanding inspections for boilers and pressure vessels. As illustrated in **Figure 1**, TSASK has reduced its backlog of outstanding inspections by about 21% since our 2013 audit, with the majority of the reduction occurring since July 2015.

Figure 1—Number of Outstanding Boiler and Pressure Vessel Inspections from 2012 to 2016



Source: TSASK inspections database.
*The data for 2015-16 is as at December 31, 2015.
The data for 2012-13 to 2014-15 is as at the end of June of each respective year.

TSASK's Plan to reduce its backlog of inspections involved forecasting the growth in boiler and pressure vessel equipment inventories and forecasting the required resources (i.e., inspectors) necessary to reduce overdue inspections. As a result of these forecasts, TSASK hired additional inspectors to address the backlog in inspections. Management presented the Plan to the Board in February 2015, and began providing quarterly updates to the Board in September 2015.

3.4 Processes Address Accuracy and Completeness of Electronic Records

We recommended that the Technical Safety Authority of Saskatchewan establish processes to ensure the accuracy and completeness of its electronic inspection records. (2014 Report – Volume 1; Public Accounts Committee agreement November 19, 2014)

Status – Implemented

Since our 2014 audit, TSASK has implemented processes designed to ensure the accuracy and completeness of its electronic inspection records (the Basebridge system). These processes include:

- Requiring inspectors to enter their own inspection data into the system. Because inspectors have the source knowledge of the inspections and understand the data, this helps increase the integrity of the data entered into the system.
- Doing queries of data, at least every three months. These queries are designed to identify inconsistencies in data in its electronic inspection records that require correction.

Also, when implementing the Basebridge system in 2014, TSASK reviewed the equipment records and made sure all equipment was completely and accurately captured within the new system. Management indicated that the new system is better than its old one in that it requires inspectors to input data for mandatory fields, and automatically calculates next inspection dates.

3.5 Reporting Requirements Met

We recommended that the Technical Safety Authority of Saskatchewan give its Board and the relevant Ministry responsible for the Safety Standards Agreement written analysis of:

- Trends for regulated sectors
- Measures implemented to monitor trends and mitigate risks (2014 Report – Volume 1; Public Accounts Committee agreement November 19, 2014)

Status – Implemented

Amendments to the Safety Standards Agreement,[1] effective June 30, 2015, require TSASK to give a quarterly report to the Ministry responsible for the Safety Standards Agreement, containing the following information:

- Total number of inspections conducted during the reporting period
- Total number of accidents reported to TSASK since the last report
- Details related to any corrective action reports published or issued during the reporting period
- The number of inspections required to be completed where the required inspection interval has been exceeded

We found that TSASK gave the responsible Ministry the above information each quarter. Management also provides this information, along with other information relevant to boiler and pressure vessel inspections (e.g., overdue inspections, equipment inventories, equipment deficiencies), to its Board on a quarterly basis.

3.6 Track and Monitor QMS Operators

We recommended that the Technical Safety Authority of Saskatchewan establish processes to track and monitor completion of inspections by Quality Management System operators, to confirm inspections have been completed in accordance with their approved manuals. (2014 Report – Volume 1; Public Accounts Committee agreement November 19, 2014)

Status – Implemented

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[1] The Safety Standards Agreement is an agreement between TSASK and the Ministry of Government Relations, assigning TSASK with the responsibility of administering and enforcing *The Boiler and Pressure Vessel Act, 1999* and *The Boiler and Pressure Vessel Regulations*.

Since our 2014 audit, TSASK has established processes to track and monitor completion of inspections by Quality Management System (QMS) operators. Staff maintain records to help monitor whether QMS operators submit required reports twice a year (i.e., in May and November), and track when notices are sent to the QMS operators about past due reports.

Chapter 36
University of Regina—Procurement of Goods and Services and Disposal of Surplus Assets

1.0 MAIN POINTS

The University of Regina (University) has spent approximately $75 million in each of the last two years acquiring goods and services including capital asset purchases. Acquiring, and later disposing of, goods and services including capital assets is complex and has increased risk because the process involves many people across the University, trade agreements, and multiple external parties. To manage its risks, the University requires effective processes to ensure that goods and services are procured, and assets are disposed of with due regard for obtaining the best value for the University while meeting its needs in a way that is fair and transparent.

In 2013, we audited the effectiveness of the University's processes for the procurement of goods and services, and for the disposal of surplus assets (e.g., computers, equipment). By January 2016, the University had made significant improvements to its procurement processes, and processes used to dispose of surplus assets. It had implemented 9 of 13 recommendations we made related to its procurement processes, and all 5 recommendations we made related to its processes of disposing of surplus assets. It was actively working on defining the Board of Governors' procurement reporting needs, coordinating its departments that procure goods and services, establishing sufficient contract documentation requirements, and developing a comprehensive signing authority policy.

2.0 INTRODUCTION

This chapter describes our follow-up of management's actions on recommendations we made in our *2013 Report – Volume 2*, Chapter 32. These recommendations were the result of our audits of the University's processes for the procurement of goods and services, and of its processes for the disposal of surplus assets (e.g., computers, equipment). We made 13 recommendations related to its processes for the procurement of goods and services, and 5 recommendations related to its processes for the disposal of surplus assets.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the University's progress towards meeting our recommendations, we used the relevant criteria from the 2013 audits. The University's management agreed with the criteria in the 2013 audits.

We reviewed and assessed the information provided and discussed actions with key individuals. We examined the University's policies and procedures that relate to the procurement of goods and services and the disposal of surplus assets. We examined tendered procurement files, single and sole source[1] procurement files, purchasing card statements, and computer decommissioning records. We interviewed University staff with key responsibilities for procurement and disposal. We used knowledge obtained from our annual integrated audit of the University.

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[1] Single source is the use of one of multiple possible vendors without tendering. Sole source is where there is only one possible vendor.

3.0 STATUS OF RECOMMENDATIONS—GOODS AND SERVICES PROCUREMENT PROCESSES

This section sets out each recommendation related to procurement processes including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 31, 2016, and the University's actions up to that date. We found that the University had implemented nine recommendations and was working on the remaining four recommendations related to procurement.

3.1 Procurement Policies Updated

We recommended that the Board of Governors of the University of Regina approve the University's policies related to the procurement of goods and services. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

Effective December 2015, the Board of Governors (Board) approved the University's Purchasing Goods and Services Policy (i.e., purchasing policy). This purchasing policy applies to all University employees, and sets out policies and processes for purchasing goods and services on behalf of the University. The purchasing policy:

- Delegates responsibility for providing professional guidance and oversight of all purchases of goods and services to its Supply Management Services (SMS) department
- Authorizes Facilities Management (FM) to act on behalf of SMS for the acquisition of land, and the planning, design, construction, maintenance, operations, and decommissioning of all facilities and infrastructure

Since our 2013 audit, the Board also approved the University's Travel Policy. In addition, the Board has appropriately delegated the approval of other procurement-related and expense policies (e.g., Purchasing Cards Policy) to the Vice-President (Administration).

We recommended that the Board of Governors of the University of Regina comply with its policy framework by regularly reviewing and updating the University's procurement policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The University has put into place processes to review and update its policies every three to five years, in accordance with its policy framework (i.e., Policy Governance). Since our 2013 audit, the University has updated and appropriately approved all procurement policies. Its updated procurement policies include reference to relevant signing authorities, incorporate relevant aspects of the New West Partnership Trade Agreement,[2] and address documentation requirements surrounding entertainment expenses incurred by staff.

We recommended that the University of Regina implement policies and procedures to identify and address non-compliance with procurement policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

Subsequent to our 2013 audit, the University requires all its policies to include a section about consequences for non-compliance with the policy. The University also implemented a Safe Disclosure Policy in December 2013; this Policy provides an avenue for staff who have reasonable grounds to believe someone has violated the law or a University policy or procedure to report the allegation.

Also, the University hired an internal auditor to help identify and address non-compliance. Some of the University's staff also perform reviews to confirm purchases follow policy or research grant requirements. We found that the University was identifying and addressing potential non-compliance with procurement policies.

We recommended that the University of Regina update its Purchasing Card Program Policy to prohibit the payment by purchasing card for legal or other professional services. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

Effective July 2015, the University updated its Purchasing Card Program Policy to state that purchasing cards are not to be used for inappropriate purchases. The updated policy provides examples of inappropriate purchases, including goods and services that require a contract, legal services, and direct employment of individuals.

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[2] The New West Partnership Trade Agreement is an accord between the Governments of British Columbia, Alberta and Saskatchewan that creates Canada's largest barrier-free interprovincial market.

3.2 Reporting on Procurement Needs to be Defined

We recommended that the Board of Governors of the University of Regina define its reporting needs regarding procurement activities including non-compliance with procurement policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

The Board had previously defined its reporting needs regarding the status of major capital projects and continues to receive regular reports regarding such activities. Following our 2013 audit, the University provided the Board with regular updates regarding the status of our procurement recommendations. By January 2016, the Board had not yet defined its reporting needs relating to goods and services procured by SMS.

Regular reporting to the Board helps to ensure effective oversight occurs. Well-defined, regular reporting about key procurement areas of the University is essential to proper stewardship and management of the related financial, legal, and reputational risks.

3.3 Procurement Policies Followed

We recommended that the University of Regina follow its policy requiring appropriate approval for the issuance of all purchasing cards. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

Following our 2013 audit, SMS asked all cardholders to complete a new application form.[3] The application form documents the purchasing card limits for a cardholder (i.e., the maximum amount per transaction and per month that are set for the purchasing card). By requiring all cardholders to complete a new application form, it ensured the established purchasing card limits were appropriate and approved. For a sample of new purchasing cards issued to University staff, we found the application forms were properly authorized before issuance of the purchasing cards.

SMS staff also indicated that they plan to renew all purchasing cards every three years to confirm limits remain appropriate.

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[3] Before the University issues a purchasing card to staff, it requires the cardholder, the department head or dean, and a purchasing card administrator to sign the application form.

We recommended that the University of Regina follow its procurement policies to tender or obtain quotes for procurement of goods and services where required. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

For a sample of items procured by SMS and FM, we found that, in all instances, the procurement policy was followed, and tenders or quotes were obtained as necessary.

We recommended that the University of Regina require, as part of its procurement policies for single or sole sourcing the procurement of goods and services:

- Adequate documentation to justify the decision to single or sole source
- An appropriate authority to approve the decision to single or sole source
- The identification and mitigation of conflicts of interest and conflicts of commitment (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The December 2015 Board-approved purchasing policy requires all single- or sole-source purchases exceeding $3,500 to receive explicit prior approval from SMS. University staff wishing to initiate a single- or sole-source purchase must complete a Competitive Bid Exception (CBE) form.

The CBE form must provide appropriate justification for using the single- or sole-source procurement method, be signed by the person responsible for the relevant budget, and be approved by the Director of SMS before the purchase takes place. Consistent with the University's procurement authority, SMS is to evaluate the CBE request, and determine whether this method of procurement is appropriate in the circumstances.

Staff must also document on the CBE form whether they have completed a Conflict of Interest and Conflict of Commitment form for the current fiscal year, and are expected to identify any potential conflicts. The University's Conflict of Interest and Conflict of Commitment Policy prohibits staff from making purchasing decisions if they have a conflict. The Director of SMS is to determine whether staff appropriately completed this section of the CBE form prior to approving it.

For a sample of single- or sole-source purchases, we found that all were properly approved and had completed CBE forms. These forms justified the purchasing decision and identified any conflicts of interest and conflicts of commitment.

3.4 Entire Project Considered in Procurement Decisions

We recommended that the University of Regina make procurement decisions based on consideration of the entire project including the impact of using multiple contracts to manage the same vendor for the same project. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The December 2015 Board-approved purchasing policy prohibits staff from splitting purchases to avoid the need for a higher level of approval. The policy requires staff to provide SMS (or FM in the case of construction or renovation projects) with the project scope and complete descriptions for all goods or services required. Both of these departments have conversations with staff requesting goods or services to make sure the University considers the entire project when making procurement decisions.

Per our review of contracts and vendor lists from both departments, management appears to be considering the entire project when making procurement decisions (i.e., projects do not have multiple contracts for the same vendor).

3.5 Coordination Process and Improved Written Contractual Agreements Needed

We recommended that the University of Regina implement a process to coordinate the departments that procure goods and services, including construction, to efficiently manage procurement in accordance with the University's policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

We recommended that the University of Regina establish sufficient contract documentation requirements for the procurement of goods and services. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

The December 2015 Board-approved purchasing policy coordinates the departments that procure goods and services. The policy outlines the roles and responsibilities for Executive, SMS, FM, and other University staff. Under the policy, SMS is responsible for approving all single- and sole-source requests. The policy also requires SMS to approve all procurement, except for construction and renovation projects for which FM is responsible.

FM continues to use an insufficient standard contract for purchases for consulting services.[4] FM's standard contract does not include all of the expected terms and conditions (e.g., termination, privacy, confidentiality, severability); whereas the standard contract that SMS uses for consulting services does.

Because the policy was just approved in December 2015, staff within SMS and FM indicated that at January 2016, they have not had a chance to fully coordinate their processes. They indicated that they plan to do so. FM management also indicated that when coordinating processes with SMS, they plan to begin using the standard contract for consulting services used by SMS.

An effective structure and coordinated processes help staff reach optimum procurement solutions, and reduce risks to the University. Also, well-designed contract templates provide organizations with a useful starting point for developing a contract, and help ensure final contracts include key terms and conditions.

3.6 Signing Authorities Policy Under Development

We recommended that the Board of Governors of the University of Regina establish and document an appropriate signing authority policy for use when approving contracts, invoices, and payments to ensure the proper separation of duties. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

As of January 31, 2016, the University was developing a comprehensive signing authority policy to address the approval of contracts, invoices, and payments. Management indicated that they expect to obtain Board approval of the policy in July 2016.

3.7 Evaluation of Proposals Documented

We recommended that the University of Regina document, in writing, its analysis and decisions for the awarding of all tenders and retain this documentation in accordance with its document retention policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The December 2015 Board-approved purchasing policy requires SMS and FM to create, maintain, and manage required records for formal tenders. For a sample of purchases made by SMS and FM, we found sufficient documented analysis and decisions for awarding tenders.

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[4] Our 2013 audit found that contracts we reviewed for other types of purchases were sufficient.

4.0 STATUS OF RECOMMENDATIONS—DISPOSAL OF SURPLUS ASSET PROCESSES

This section sets out each recommendation related to disposal of surplus asset processes including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 31, 2016, and the University's actions up to that date. We found that the University had implemented each of the recommendations related to disposal.

4.1 Surplus Asset Disposal Processes Improved

We recommended that the University of Regina update its disposal policy and procedures to clearly define the criteria for identifying assets for disposal and the authorizations required. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

Effective July 2015, the University updated its Management of Assets Policy (i.e., disposal policy) to include criteria for determining when to dispose of assets (i.e., excess, obsolete, damaged, scrap). The policy also sets out the authorizations required to dispose of assets, that is, authorization from the applicable department head. The policy makes SMS responsible for ensuring disposals are properly authorized, and for making arrangements for the disposal of assets.

We recommended that the University of Regina implement policies to identify and address non-compliance with disposal policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The updated disposal policy includes consequences for non-compliance. The policy requires department heads to review missing asset lists, and investigate methods of ensuring fewer assets are identified as missing during future asset counts. We reviewed evidence that the Vice-President (Administration) receives an annual detailed list of University assets that were disposed of or written off, as required by policy.

We recommended that the University of Regina define requirements for regular reporting to Executive and the Board of Governors regarding disposal of assets, including non-compliance with policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The updated disposal policy sets out the University's requirements for regular reporting to Executive and the Board. The policy requires the Vice-President (Administration) to receive an annual detailed list of University assets that were disposed of, and to inform the Board of any significant policy violations. The Board formally approved these reporting requirements in a March 2015 Board decision item, and also upon approval of the revised disposal policy in July 2015.

We recommended that the University of Regina ensure that its computers are properly decommissioned before their disposal to prevent unauthorized access to University data. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

When disposing of computers, the University either sells the assets to staff or scraps the assets. The University's updated disposal policy requires the completion of a Data Sanitization Form (Form) when computers are sold to staff. Information Services (IS) staff are to remove all data and software from the computer (decommissioning), and sign the Form to acknowledge completion. For computers that are scrapped, the disposal policy delegates responsibility to IS for properly decommissioning scrapped computer assets by removing and shredding the hard drives. IS maintains records to track the decommissioning of scrapped computers.

For a sample of records for computers disposed of by the University, we found that the University maintained appropriate records indicating that the decommissioning of computers occurred prior to disposal.

We recommended that the University of Regina enter into written agreements with the charitable organizations to which it regularly donates assets and implement a process to confirm the donations are received. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The updated disposal policy makes SMS responsible for ensuring that agreements are in place with charitable organizations accepting donations of the University's surplus assets. SMS is to contact charitable organizations to establish relationships for the donation of assets, and require them to sign a letter each time that surplus assets are donated. The letter states that the charitable organization is to pick up the items, and the items are for donation to the charitable program. We found that when SMS established relationships with charitable organizations for the donation of assets, a letter was signed when surplus assets were donated.

Chapter 37
Water Security Agency—Regulating Public Wastewater Systems

1.0 MAIN POINTS

The Water Security Agency (Agency) is responsible for regulating public wastewater system owners who are ultimately responsible for ensuring wastewater is adequately treated before being released into the environment. Without proper treatment, wastewater being discharged can have negative impacts on both the environment and human health.

By December 2015, the Agency had fully implemented all four recommendations we initially made in 2014 related to the regulation of public wastewater systems. The Agency updated its wastewater system design requirements, addressed non-compliant wastewaters systems owners, periodically reviewed mechanical wastewater effluent[1] sampling, and reported publicly on wastewater systems' non-compliance.

2.0 INTRODUCTION

In our *2014 Report – Volume 1*, Chapter 15, we concluded that in 2013-14, the Agency had effective processes to regulate public water systems, except for the four areas related to our recommendations.

This chapter describes our follow-up of management's actions on the four recommendations we made in 2014.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Agency's progress towards meeting our recommendations, we used the relevant criteria from the 2014 audit. The Agency's management agreed with the criteria in the 2014 audit.

To do our follow-up, we discussed with management progress they made in meeting our recommendations, reviewed supporting documentation, and tested a sample of items to verify the progress.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at December 31, 2015, and the Agency's actions up to that date. We found that the Agency had implemented all four recommendations.

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[1] Effluent is wastewater that has gone through a treatment process.

3.1 Wastewater Design Requirements Updated

We recommended that the Water Security Agency update its wastewater system design requirements and regulations so that new wastewater system constructions and expansions are designed to meet future stricter effluent standards. (2014 Report – Volume 1; Public Accounts Committee agreement December 9, 2014)

Status – Implemented

On June 1, 2015, *The Environmental Management and Protection Act, 2010* and *The Waterworks and Sewage Works Regulations* came into force. These include stricter effluent standards for wastewater system operators that align with federal regulations (e.g., new or expanded lagoon systems must hold at least 220 days of wastewater storage).

The Agency included these stricter standards in its *Sewage Works Design Standard*.[2] The standard outlines design and operating requirements for wastewater systems.

3.2 Delayed Wastewater System Expansions Being Addressed

We recommended that the Water Security Agency address non-compliance of wastewater system owners that do not upgrade wastewater systems for subdivision expansions. (2014 Report – Volume 1; Public Accounts Committee agreement December 9, 2014)

Status – Implemented

The Agency enters into parallel growth agreements[3] with operators in which operators agree to expand wastewater systems by a certain deadline. The Agency had eight operators successfully expand their wastewater facilities in accordance with their parallel growth agreement deadlines since 2014 (i.e., the time of our audit).

In July 2013, the Agency implemented a policy called *The Compliance and Enforcement Protocol for Parallel Growth Policy*. This policy outlines the enforcement steps the Agency is to take when dealing with wastewater system operators with parallel growth agreements who fail to expand wastewater systems by the agreed upon deadline.

At December 31, 2015, the Agency had 15 parallel growth agreements with wastewater operators. At that date, 2 of the 15 operators had not completed their wastewater system expansions by the agreed upon deadlines. Hence, these operators were non-compliant with their agreements.

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[2] www.environment.gov.sk.ca/adx/aspx/adxGetMedia.aspx?DocID=38e5b77e-3e0c-4dba-95cb-0a929367a0aa (25 November 2015).

[3] Parallel growth agreements are signed between wastewater system owners (e.g., municipalities) and the Agency. They outline a commitment for subdivision expansions to occur along with the upgrades of the associated wastewater system.

According to the Agency, each of these two non-compliant operators had extenuating circumstances (e.g., flooding in one instance) which had inhibited their ability to expand their wastewater systems by the agreed upon deadline. The Agency determined that neither wastewater system posed a significant risk to the environment and therefore, did not address the non-compliance with enforcement steps. Rather, the Agency addressed the non-compliance by giving each operator a revised deadline to submit an updated expansion plan.

3.3 Mechanical Wastewater Systems Better Monitored

We recommended that the Water Security Agency require and review evidence that mechanical wastewater system owners are meeting effluent sampling requirements throughout the year. (2014 Report – Volume 1; Public Accounts Committee agreement December 9, 2014)

Status – Implemented

The permits of all of the 10 mechanical wastewater systems[4] we tested required regular (i.e., at least quarterly) effluent sampling. The Agency received and reviewed effluent reports from owners on a timely basis, and took enforcement actions to ensure compliance, where needed.

3.4 Non-Compliance Reporting to the Public Improved

We recommended that the Water Security Agency report to the public on wastewater systems' non-compliance with permits. (2014 Report – Volume 1; Public Accounts Committee agreement December 9, 2014)

Status – Implemented

Each year, the Agency issues a report called *The State of Drinking Water Quality in Saskatchewan*[5] (Report). In its 2013-14 Report, the Agency began including information on wastewater system operators' non-compliance in these reports. For example, the 2013-14 and 2014-15 Reports included the number of wastewater systems operating without a certified operator and the number of wastewater systems with problems identified during inspections (e.g., disinfection not performed as required by the operating permit).

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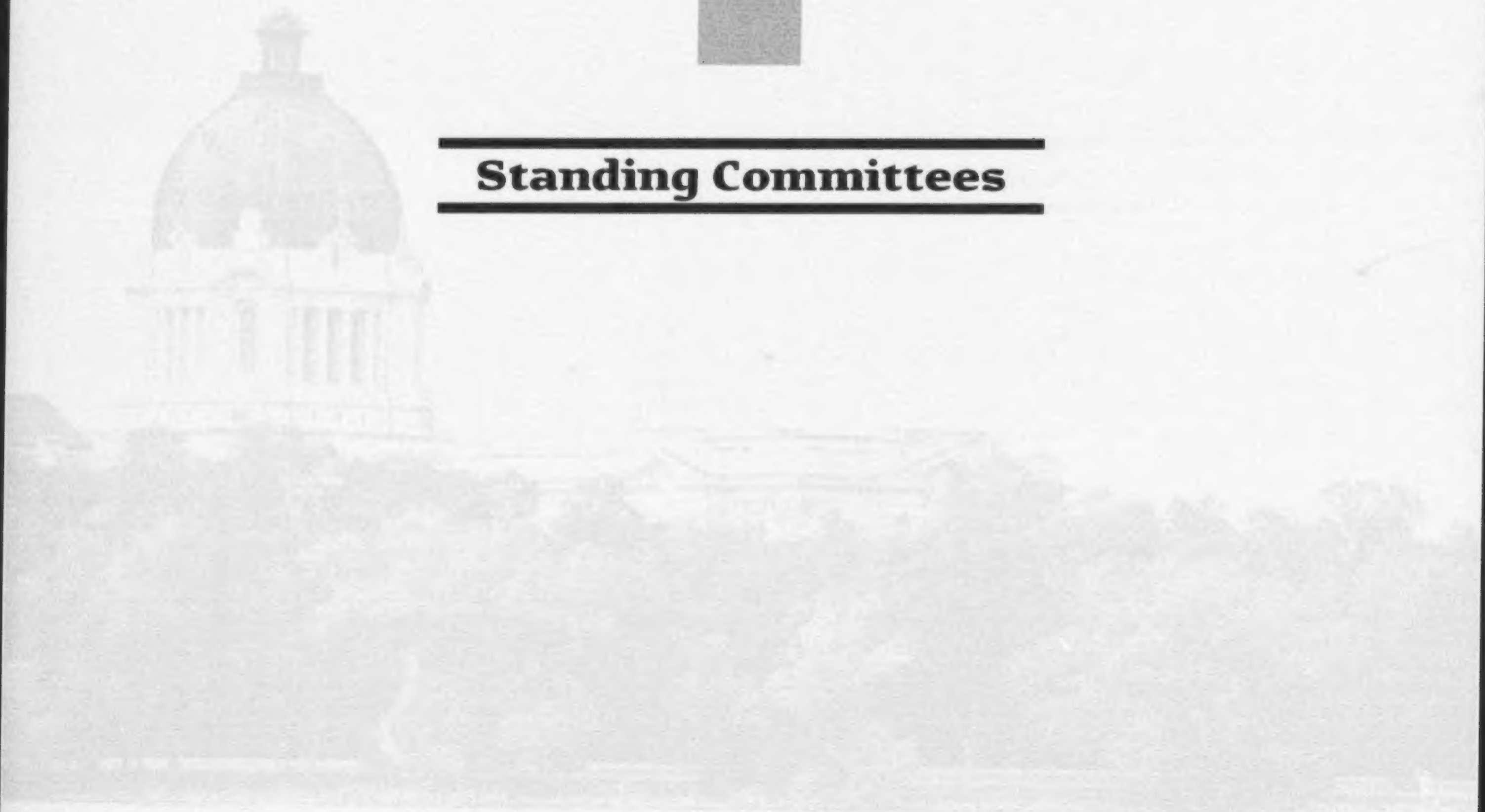
[4] Laws require mechanical wastewater systems in Saskatchewan to have at least a secondary treatment phase. Secondary treatment allows suspended solids to settle out of the water and uses biological processes to reduce levels of contaminates.

[5] *The State of the Drinking Water Quality* reports can be found at www.wsask.ca/About-WSA/Publications/ (15 March 2016).



Standing Committees

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Chapter 38
Standing Committee on Crown and Central Agencies

1.0 MAIN POINTS

Through its work and recommendations, the Standing Committee on Crown and Central Agencies (Committee) can help the Legislative Assembly (Assembly) hold the Government accountable for its management of the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary corporations. The Committee does this, in part, by reviewing chapters in our reports, and the annual reports and financial statements of agencies within its subject area. It reports to the Assembly on the results of its review. These reports may contain recommendations resulting from our audit work.

The Committee met in September 2015 to consider chapters in our reports related to CIC and its subsidiaries. On January 6, 2016, the Committee tabled with the Assembly a Report on the results of its review. This Report contains 66 Committee recommendations resulting from our audit work. At March 31, 2016, the Government has fully implemented 83% of these 66 recommendations, and partially implemented 91% of the remaining recommendations.

While the Committee's review of annual reports of CIC and its subsidiary corporations was more current than at March 2015, it had not reviewed several years of annual reports of CIC and three of its subsidiaries by March 2016.

2.0 INTRODUCTION

This chapter provides an overview of the role and responsibilities of the Committee, focusing on those related to our Office's work. Also, it describes the overall status of the Committee's recommendations resulting from our Office's work, the status of its consideration of our work, and the status of the Committee's review of annual reports of CIC and its subsidiary corporations.

2.1 Role and Responsibilities of the Standing Committee on Crown and Central Agencies

The Committee is one of the Assembly's four policy field committees. See **Figure 1** for a brief description of the responsibilities of a policy field committee.

Figure 1—Responsibilities of Policy Field Committees

The Legislative Assembly makes policy field committees responsible for examining certain documents within their assigned subject area. These documents include bills and regulations (proposed laws), estimates, and annual reports. During their reviews, these committees can consider issues of current concern, future objectives, and past performance.

Policy field committees can also conduct inquiries into matters within their mandated subject area. They provide the Assembly with reports on their activities and can make recommendations to the Assembly for its consideration.

The Standing Committee on House Services determines the membership of each policy field committee.

Policy field committee meetings are open to the public. The Assembly's website contains information about the composition of each committee and records of their meetings (i.e., meeting notices, Hansard verbatim, minutes, videos, and reports).

Source: www.legassembly.sk.ca/about/introduction-to-committees (9 February 2016).

The Committee's assigned subject area encompasses CIC and its subsidiary corporations, supply and services (e.g., Ministry of Central Services), central government agencies (e.g., Ministry of Finance), liquor, gaming, and all other revenue-related agencies and entities.

The Assembly has given the Committee the following responsibilities in addition to those typically given to a policy field committee:

- The Assembly, through *The Provincial Auditor Act* and under its Rules and Procedures, refers portions of our reports (chapters) related to CIC and its subsidiaries to the Committee.[1] When the Committee considers chapters from our reports, our Office and the corporation's appointed auditor, if any, attend to assist in its review.
- The Assembly requires the Minister responsible for CIC to notify the Committee, in writing, about significant transactions[2] of CIC and any of its subsidiaries within 90 days of the transaction. The notification must outline the objectives of the transaction, the financial implications, a statement of any changed liabilities, and the authority under which the transaction was made.[3]
- The Assembly periodically refers regulations and bylaws of professional associations to the Committee for its review.

From April 1, 2015 to March 31, 2016, the Committee met 10 times (2014-15: 10 times); the purpose of most of these meetings was to review 2015-16 estimates and bills related to agencies within its subject area. It did not receive any significant transaction reports (2014-15: no reports).

During 2015-16, the Committee made two Reports to the Assembly:

- One on May 13, 2015 related to the results of its review of the 2015-16 Estimates within its subject area[4]
- Another on January 6, 2016 related to the results of its review for the period August 23, 2007 to January 5, 2016 of annual reports and financial statements of entities within its subject area, chapters of our Office related to CIC and its subsidiaries, and reports of professional associations.[5]

Figure 2 sets out the membership of the Standing Committee on Crown and Central Agencies at March 8, 2016.[6]

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[1] Section 14.1(8) of *The Provincial Auditor Act* and rule 143(3) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.

[2] Significant transactions are defined by the Committee as those that are material in amount and outside the ordinary course of business, or are judged to be sensitive and likely of interest to legislators and the public.

[3] Rule 143(4) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.

[4] www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/cca-report-7-27-legislature (19 February 2016).

[5] www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/cca-report-8-27-legislature (19 February 2016).

[6] March 8, 2016 was the date the writ was dropped for the general election.

Figure 2—Members of the Standing Committee on Crown and Central Agencies at March 8, 2016

Name of Member	
Fred Bradshaw, Chair	Colleen Young
Cathy Sproule, Deputy Chair	Kevin Phillips
Greg Brkich	Randy Weekes

Source: www.legassembly.sk.ca/legislative-business/legislative-committees/crown-and-central-agencies/ (4 February 2016).

3.0 STATUS OF COMMITTEE WORK

3.1 Committee Work Related to our Audit Work

During 2015-16, our reports to the Assembly included five chapters related to CIC and its subsidiaries, and one chapter related to the Committee.

During 2015-16, the Committee met on September 15, 2015 to consider chapters in our reports related to CIC and its subsidiaries. At this meeting, it concluded consideration on 23 chapters from our eight different reports related to four Crown corporations and the Committee.

The Committee's January 6, 2016 Report (i.e., *Eighth Report to the 27th Legislature* [4th Session of the 27th Legislature]) contained the Committee's recommendations resulting from its review of our reports. This Report contained 66 recommendations resulting from its work for the period August 23, 2007 to January 5, 2016.[7]

As reflected in **Figure 3**, as of March 31, 2016, the Committee had not yet considered 14 chapters (2015: 30 chapters) from our four different reports (2015: eight reports) related to seven Crown corporations and the Committee (2015: eight).

Figure 3—Relevant Chapters of Provincial Auditor Reports that the Standing Committee on Crown and Central Agencies Had Not Yet Considered as of March 31, 2016

Agency	Related Provincial Auditor Report	Chapter	Number of New Recommendations to be Considered
Crown Investments Corporation of Saskatchewan	2013 Report – Volume 2	39	-
	2014 Report – Volume 1	12	1
SaskEnergy Incorporated	2015 Report – Volume 1	30	-
Saskatchewan Government Insurance	2015 Report – Volume 1	15	6
Saskatchewan Opportunities Corporation	2015 Report – Volume 1	29	-
Saskatchewan Power Corporation	2014 Report – Volume 1	28	-
	2014 Report – Volume 1	29	-
	2015 Report – Volume 1	17	4
	2015 Report – Volume 1	18	3

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[7] The Committee's previous report to the Assembly was the *Tenth Report to the 25th Legislature* (3rd Session of the 25th Legislature) tabled on August 23, 2007.

Agency	Related Provincial Auditor Report	Chapter	Number of New Recommendations to be Considered
Saskatchewan Transportation Company	2009 Report – Volume 1	14	-
Saskatchewan Water Corporation	2014 Report – Volume 1	4	-
	2014 Report – Volume 1	27	-
	2015 Report – Volume 1	3	-
Standing Committee on Crown and Central Agencies	2015 Report – Volume 1	33	-

Source: Committees Branch, Legislative Assembly Service, Standing Committee on Crown and Central Agencies, *Outstanding Business– 27th Legislature.*

3.2 Implementation of Committee's Recommendations

The Committee has asked our Office to assess and report on the status of the recommendations the Committee makes and reports to the Assembly as a result of our audit work. We assess the status of financial-related recommendations each year as part of the annual integrated audits. We assess other recommendations, as part of audit follow ups, either two or three years after the original audit, and subsequently every two or three years until the recommendations are either implemented or no longer relevant.

Based on assessments we completed by March 2016, CIC's and its subsidiaries' implementation of Committee's recommendations remained strong. By March 31, 2016, they had fully implemented 83% of the Committee's 66 recommendations; and partially implemented 91% of the remaining recommendations.

Exhibit 4.0 lists recommendations agreed to by the Committee and not fully implemented by March 31, 2016.

3.3 Committee Review of CIC Sector Annual Reports

Annual reports are key accountability documents. As a policy field committee, the Committee is responsible for examining annual reports and their related financial statements of agencies within its subject area (e.g., CIC and its subsidiary corporations).

Each year, CIC and its subsidiary corporations prepare annual reports and financial statements for tabling in the Assembly. Until the November 2015 decision of cabinet, each of these corporations had a December 31 year-end;[8] and their annual reports were typically tabled in April.

In 2015-16, the Committee completed its review of the 2012, 2013, and 2014 annual reports of seven subsidiary corporations, and reported the results of its review to the Assembly in its January 6, 2016 Report. As of March 31, 2016, the Committee had not completed its review of the 2012, 2013, and 2014 annual reports of CIC and of two of its subsidiary corporations,[9] and the 2010, 2011, 2012, 2013, and 2014 annual reports of CIC Asset Management Inc. (another CIC subsidiary corporation).[10]

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[8] On November 30, 2015, the Government, as part of its *2015-16 Mid-Year Report*, announced the change of the fiscal year end of CIC and its subsidiaries from December 31 to March 31 as a next step in the Government's transition to summary budgeting.

4.0 EXHIBIT—STATUS OF COMMITTEE RECOMMENDATIONS

Committee Report Year	Outstanding Recommendations*	Status
Saskatchewan Opportunities Corporation – Maintaining Facilities in a Sustainable Way (*2012 Report – Volume 1*)		
2016	18-1 that Saskatchewan Opportunities Corporation document, for each of its facilities, current condition, key risks, and remaining life span in the context of the facility's intended use.	**Partially Implemented** (as of January 31, 2015)
2016	18-2 that Saskatchewan Opportunities Corporation expand its corporate maintenance plan to include all its maintenance objectives and priority strategies for the short and long term.	**Partially Implemented** (as of January 31, 2015)
Saskatchewan Power Corporation – Procurement (*2007 Report – Volume 3*)		
2016	23-2 that SaskPower consistently follows its established processes that require its staff to obtain the appropriate approval of the purchase prior to finalizing the purchase decision.	**Partially Implemented** (as of February 28, 2014)
2016	23-4 that SaskPower track problems with key suppliers and make this information available for purchasing decisions.	**Partially Implemented** (as of February 28, 2014)
Saskatchewan Power Corporation – Gas and Electrical Installation Inspection (*2011 Report – Volume 2*)		
2016	22-4 that SaskPower require management to review inspectors' rationale for not inspecting gas and electrical permits for high-risk installations.	**Partially Implemented** (as of March 31, 2014)
2016	22-7 that SaskPower periodically give its Board of Directors summary trend information on its gas and electrical inspection activities and common or emerging trends or risks in gas and electrical installations.	**Not Implemented** (as of March 31, 2014)
Saskatchewan Water Corporation – Maintaining Infrastructure (*2006 Report – Volume 1*)		
2016	12-1 that Saskatchewan Water Corporation compile reliable information detailing the water treatment and transmission infrastructure it owns and the condition of the infrastructure.	**Partially Implemented** (as of December 2, 2013)
2016	12-2 that Saskatchewan Water Corporation develop and use a maintenance plan for its water treatment and transmission infrastructure.	**Partially Implemented** (as of December 2, 2013)
Saskatchewan Water Corporation – Business Continuity Plan (*2012 Report – Volume 1*)		
2016	21-1 that Saskatchewan Water Corporation implement and test a business continuity plan.	**Partially Implemented** (as of December 31, 2014)
SaskEnergy Incorporated – Securing SaskEnergy's SCADA System (*2013 Report – Volume 1*)		
2016	19-3 that SaskEnergy Incorporated configure its supervisory control and data acquisition system network to protect it from security threats.	**Partially Implemented** (as of March 20, 2015)
2016	19-4 that SaskEnergy Incorporated monitor the security of its supervisory control and data acquisition system.	**Partially Implemented** (as of March 20, 2015)

* The number preceding the outstanding recommendation reflects the chapter and recommendation number of our related report.

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[9] Information Services Corporation of Saskatchewan and SaskEnergy Incorporated.

[10] Committees Branch, Legislative Assembly Service, Standing Committee on Crown and Central Agencies, *Outstanding Business– 27th Legislature*.

Chapter 39
Standing Committee on Public Accounts

1.0 MAIN POINTS

The work of the Standing Committee on Public Accounts (Committee) is crucial for a well-managed parliamentary system of government. It provides a vital link in the chain of accountability over public resources; it contributes to the public's confidence in government.

The Committee's discussions and recommendations to the Legislative Assembly (Assembly) promote a more open and accountable government and better management of government operations. By questioning, requesting information, and making recommendations in its reports to the Assembly, the Committee acts as an agent of change for the management practices of government. This is evident, in part, through the high extent of implementation of the Committee's recommendations.

The Government has fully implemented 60% of recommendations the Committee has made during the previous five years. It has partially implemented 43% of the remaining recommendations.

2.0 INTRODUCTION

This chapter provides an overview of the composition, role, and responsibilities of the Committee. It briefly describes what the Committee does, how it works, and how it reports to the Assembly.

It also sets out the extent to which the Government has implemented the Committee's past recommendations and the status of the Committee's review of our Reports.

3.0 OVERVIEW OF COMMITTEE'S ROLE AND RESPONSIBILITIES

3.1 Committee Composition

At the beginning of each Legislature, the Assembly appoints members to the Committee. The Chair of the Committee is a member of the Opposition and the Deputy Chair is a member of the Government.

On March 4, 2013, *The Rules and Procedures of the Legislative Assembly of Saskatchewan*[1] changed to expand the Committee from seven members and a membership based on the ratio of party standings in the Assembly to eight members, including two members of the Opposition for the duration of the 27th Legislature. **Figure 1** sets out the members of the Committee as of March 8, 2016.[2]

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[1] www.legassembly.sk.ca/about/rules-and-procedures (11 April 2016).

[2] March 8, 2016 is the date the writ was dropped for the general election and the Legislature dissolved.

Figure 1—Members of the Standing Committee on Public Accounts at March 8, 2016

Name of Member	
Danielle Chartier, Chair	Warren Michelson
Larry Doke, Deputy Chair	Randy Weekes
Glen Hart	Trent Wotherspoon
Russ Marchuk	

Source: www.legassembly.sk.ca/legislative-business/legislative-committees/ (11 April 2016).

3.2 Responsibilities Include Review of Public Accounts and Our Reports

The Committee helps the Assembly hold the Government accountable for its management of public resources. *The Rules and Procedures of the Legislative Assembly of Saskatchewan* require the Committee to review and report to the Assembly on the results of its review of the Public Accounts and of the Reports of the Provincial Auditor.

The Assembly refers the Public Accounts and the Reports of our Office to the Committee.[3] The following provides a brief description of each:

- The Public Accounts consist of two volumes. The first volume contains the Summary Financial Statements of the Government and a Financial Statement Discussion and Analysis section. The second volume contains details on revenues and expenditures of the General Revenue Fund. This volume includes comparisons of appropriations to expenditures by vote and by program, and details of expenses (e.g., payees who received $50,000 or more for salaries and benefits, transfers, or goods and services). It also includes key financial information of some pension plans and trust funds administered by the Government, remission of taxes and fees, and information on road-use fuel tax accountability.[4]

- The Reports of the Provincial Auditor contain the results of our examinations of the Government and its various agencies.

  The Committee has asked us to monitor compliance with its recommendations and to report on their status. Chapters within our Reports identify whether the Committee agrees with our recommendation, or made its own recommendations. Chapters within our Reports provide an update on the status of implementation of recommendations. Also, each year, our Office reports on the implementation of recommendations in our *Business and Financial Plan* and our *Annual Report on Operations.*

Because of its role to scrutinize the Government's management of public resources and to review our Reports, we view this Committee as the audit committee for the Assembly and thus, for the public.

The Committee's meetings are televised and open to the public. In its deliberations, the Committee is not fundamentally concerned with matters of policy; rather, it questions the economy and effectiveness of the administration of government programs. The Committee reviews the activities, performance, and reports of government ministries, agencies, and certain Crown corporations (agencies). During its review, the Committee may inquire about past performance, current concerns, and future objectives. The Committee's discussions include broader issues such as strategic plans, key risks to achieving goals and objectives, and performance measurement.

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[3] Certain chapters within our Reports are referred to the Standing Committee on Crown and Central Agencies.
[4] www.finance.gov.sk.ca (11 Ap[illegible] 2016).

Government officials attend the Committee meetings to answer questions about the administration of their agencies. Our Office attends the meetings to help the Committee in its reviews. The Committee discusses and recommends actions on issues that Committee members and our Office raise.

3.3 Reports of the Committee

The Committee formally reports its findings and recommendations to the Assembly. Typically, it does this at the end of each legislative session. Its reports, once tabled in the Assembly, are publicly available on the Committee's website.[5]

The Committee requires the Government to respond in writing to its reports. The Government's response is publicly available on the Committee's website. The Committee's website also makes information about the composition of the Committee and records of the Committee's meetings (i.e., Hansard verbatims, minutes, videos, and reports) available.

During 2015-16, the Committee, with the assistance of the Committee's Clerk,[6] significantly improved the timeliness of its reporting to the Assembly.[7] During 2015-16, it presented three reports to the Assembly:[8]

- The *First Report of the 27th Legislature* was presented on May 14, 2015. This report summarizes the Provincial Auditor selection process and makes a formal recommendation for appointment.
- The *Second Report of the 27th Legislature* was presented on November 4, 2015. It summarizes the results of the work of the Committee for the period of December 12, 2011 to September 17, 2015 and contains over 620 recommendations.
- The *Third Report of the 27th Legislature* was presented on January 19, 2016. It summarizes the results of the work of the Committee for the period of September 17, 2015 to January 14, 2016 and contains 68 recommendations.

4.0 IMPLEMENTATION OF COMMITTEE'S RECOMMENDATIONS

Consistent with prior years, the implementation of the Committee's recommendations by the Government and its agencies remains strong. As of March 2016, the Government has fully implemented 60% (October 2014: 77%)[9] of the Committee's recommendations.

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[5] www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/ (11 April 2016).

[6] Committee Clerks are staff from the Legislative Assembly Service. These individuals support the operations of the Committee.

[7] The Committee's last report previous to its 2015-16 reports was the *Third Report of the 26th Legislature*. It was presented to the Assembly on September 6, 2011.

[8] www.legassembly.sk.ca/legislative-business/legislative-committees/public-accounts/ (11 April 2016).

[9] This was the timing of our last chapter on the Committee's work and the extent to which the Government implemented the Committee's recommendations.

The Government has partially implemented 43% (October 2014: 87%) of the remaining recommendations.[10]

Exhibit 6.0 provides the number of Committee recommendations outstanding by Agency. Our Office follows up the status of these recommendations until they are implemented or no longer relevant.

5.0 STATUS OF COMMITTEE'S REVIEW OF OUR REPORTS

Since the fall of 2014 (the timing of our last chapter on the Committee's work), the Assembly has referred nine of our Reports which include the results of our examinations of the Government and its agencies to the Committee for its review.

Since then, the Committee has met 20 times, significantly improving the timeliness of its review of our Reports. It reviewed our Reports at 15 of its meetings.[11] Its review included:

- Chapters from our 2012 Report (Volumes 1 and 2), 2013 Report (Volumes 1 and 2), 2014 Report (Volumes 1 and 2), and 2015 Report (Volumes 1 and 2)
- The *2013 Special Report – The Need to Change – Modernizing Government Budgeting and Financial Reporting in Saskatchewan*
- Our *Business and Financial Plan for the Years Ended March 31, 2015 and 2016*
- Our *Annual Report on Operations for the Years Ended March 31, 2014 and 2015*

As of March 8, 2016, while the Committee had not completed its review of our last three Reports, it had reviewed over three quarters of the chapters in these Reports. It had not yet reviewed:

- 2 of 56 chapters from our *2014 Report – Volume 2*
- 7 of 26 chapters from our *2015 Report – Volume 1*
- 10 of 56 chapters from our *2015 Report – Volume 2*

6.0 EXHIBIT—NUMBER OF OUTSTANDING COMMITTEE RECOMMENDATIONS BY AGENCY

The table below sets out the number of Committee recommendations outstanding by agency for recommendations reported in our 2015 Reports Volumes 1 and 2, and from Reports issued prior to 2015. This recognizes agencies may not have had sufficient time to implement recommendations reported in our 2015 Reports.

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[10] Calculations are based on the Committee's recommendations up to and including the *Third Report to the 27th Legislature* at January 19, 2016.

[11] At the other five meetings, the Committee met to discuss other matters (e.g., revisions to the *Standing Committee on Public Accounts Procedures Manual*, draft reports to the Assembly, the Provincial Auditor selection process).

Agency	Number of Committee Recommendations Outstanding in	
	PAS^ 2015 Reports Volumes 1 & 2	PAS Reports Issued Before 2015
Ministries and Secretariats:		
Advanced Education	3	0
Agriculture	2	2
Central Services	0	9
Economy	6	9
Education	8	17
Environment	8	6
Finance	6	8
Government Relations	1	4
Health	10	9
Highways and Infrastructure	1	0
Justice	5	18
Parks, Culture and Sport	4	0
Public Service Commission	1	0
Social Services	6	5
Crown Agencies:		
eHealth Saskatchewan	11	4
Saskatchewan Cancer Agency	1	0
Saskatchewan Crop Insurance Corporation	2	0
Saskatchewan Housing Corporation	0	4
Saskatchewan Indian Gaming Authority Inc.	1	4
Saskatchewan Liquor and Gaming Authority	5	0
Saskatchewan Research Council	1	0
Water Security Agency	3	7
Crown Agencies-Regional Colleges:		
Northlands College	1	0
Southeast College	3	0
Crown Agencies-Regional Health Authorities:		
Cypress Regional Health Authority	1	2
Five Hills Regional Health Authority	5	0
Heartland Regional Health Authority	2	17
Kelsey Trail Regional Health Authority	3	0
Keewatin Yatthe Regional Health Authority	2	0

Agency	Number of Committee Recommendations Outstanding in	
	PAS^ 2015 Reports Volumes 1 & 2	PAS Reports Issued Before 2015
Mamawetan Churchill River Regional Health Authority	5	0
Prairie North Regional Health Authority	1	2
Prince Albert Parkland Regional Health Authority	2	13
Regina Qu'Appelle Regional Health Authority	14	0
Saskatoon Regional Health Authority	0	3
Sun Country Regional Health Authority	3	0
Sunrise Regional Health Authority	1	0
Crown Agencies-School Divisions:		
Chinook School Division No. 211	0	1
Conseil scolaire Fransaskois	0	10
Good Spirit School Division No. 204	0	1
Northwest School Division No. 203	0	1
Prairie South School Division No. 210	4	0
Prince Albert Roman Catholic Separate School Division No. 6	0	1
Regina Roman Catholic Separate School Division No. 81	8	0
Regina School Division No. 4	5	0
Saskatchewan Rivers School Division No. 119	0	5
Saskatoon School Division No. 13	0	11
South East Cornerstone School Division No. 119	0	9
St. Paul's Roman Catholic Separate School Division No. 20	0	1
Pension and Benefit Plans and Other agencies:		
Teachers' Dental Plan	3	0
University of Regina	13	0

Source: Provincial Auditor Saskatchewan (April 2016).
^ PAS – Provincial Auditor Saskatchewan.

Appendix 1

Agencies Subject to Examination under *The Provincial Auditor Act* and Status of Audits

Our goal is to give the Legislative Assembly timely reports on the results of our examinations. We do not delay our reports to accommodate incomplete audits, but rather include their results in a future report. We aim to report the results of our annual integrated audits of agencies with December fiscal year-ends in the spring (i.e., Report – Volume 1) and agencies with March fiscal year-ends in the fall (i.e., Report – Volume 2). Also, we report the results of our follow-ups and performance audits in the report following their completion.

The table below lists the agencies subject to examination under *The Provincial Auditor Act* at December 31, 2015 along with their fiscal year-end. Agencies subject to our examination include ministries, Crown agencies, Crown-controlled corporations, special purpose and trust funds, other agencies that administer public money, and offices of the Legislative Assembly.

For each of these agencies, the table sets out the status of our integrated audits at April 22, 2016. It also indicates whether we are or have reported matters for the Assembly's attention within the last 12 months, and if so, it identifies the relevant Report.

Agency	Fiscal Year-End [A]	Status at April 22, 2016 [B]	Matters Reported / Related Report(s) [C]
Government of Saskatchewan – Summary Financial Statements	March 31	Complete	Yes/2016 Rpt V1
Ministries and Secretariats:			
Ministry of Advanced Education	March 31	Complete	Yes/2015 Rpt V2
Ministry of Agriculture	March 31	Complete	Yes/2015 Rpt V2
Ministry of Central Services	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Ministry of the Economy	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Ministry of Education	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Ministry of Environment	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Ministry of Finance	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Ministry of Government Relations	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Ministry of Health	March 31	Complete	Yes/2015 Rpt V2
Ministry of Highways and Infrastructure	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Ministry of Justice	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Ministry of Labour Relations and Workplace Safety	March 31	Complete	No
Ministry of Parks, Culture and Sport	March 31	Complete	Yes/2015 Rpt V2
Ministry of Social Services	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Executive Council	March 31	Complete	No
Public Service Commission	March 31	Complete	Yes/2015 Rpt V2

Agency	Fiscal Year-End [A]	Status at April 22, 2016 [B]	Matters Reported / Related Report(s) [C]
Crown Agencies:			
Agricultural Credit Corporation of Saskatchewan	March 31	Complete	No
Agricultural Implements Board	March 31	Complete	No
Carlton Trail College	June 30	Complete	No
Chinook School Division No. 211	August 31	Complete	Yes/2016 Rpt V1
Christ the Teacher Roman Catholic Separate School Division No. 212	August 31	Complete	No
Community Initiatives Fund	March 31	Complete	No
Conseil des Ecoles Fransaskoises School Division No. 310	August 31	Delayed	
Creative Saskatchewan	March 31	Complete	Yes/2015 Rpt V2
Creighton School Division No. 111	August 31	Complete	No
Cumberland College	June 30	Complete	No
Cypress Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
eHealth Saskatchewan	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Englefeld Protestant Separate School Division No. 132	August 31	Complete	No
Five Hills Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
Global Transportation Hub Authority, The	March 31	Complete	No
Good Spirit School Division No. 204	August 31	Complete	No
Government House Foundation, The	March 31	Complete	No
Great Plains College	June 30	Complete	No
Health Quality Council	March 31	Complete	No
Heartland Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
Health Shared Services Saskatchewan (3sHealth)	March 31	Complete	Yes/2015 Rpt V2
Holy Family Roman Catholic Separate School Division No. 140	August 31	Complete	No
Holy Trinity Roman Catholic Separate School Division No. 22	August 31	Complete	Yes/2016 Rpt V1
Horizon School Division No. 205	August 31	Complete	No
Ile-a-la Crosse School Division No. 112	August 31	Complete	Yes/2016 Rpt V1
Keewatin Yatthé Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
Kelsey Trail Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
Law Reform Commission of Saskatchewan	March 31	Complete	No
Light of Christ Roman Catholic Separate School Division No. 16	August 31	Complete	No
Liquor and Gaming Authority	March 31	Complete	Yes/2015 Rpt V2
Living Sky School Division No. 202	August 31	Complete	No
Lloydminster Roman Catholic Separate School Division No. 89	August 31	Complete	No
Lloydminster Public School Division No. 99	August 31	Complete	Yes/2016 Rpt V1
Mamawetan Churchill River Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
Métis Development Fund	December 31	Complete	No
Municipal Financing Corporation of Saskatchewan	December 31	Complete	No
Municipal Potash Tax Sharing Administration Board	December 31	Complete	No

Agency	Fiscal Year-End [A]	Status at April 22, 2016 [B]	Matters Reported / Related Report(s) [C]
North East School Division No. 200	August 31	Complete	Yes/2016 Rpt V1
North Sask. Laundry & Support Services Ltd.	March 31	Complete	No
North West College	June 30	Complete	No
Northwest School Division No. 203	August 31	Complete	No
Northern Lights School Division No. 113	August 31	Complete	Yes/2016 Rpt V1
Northlands College	June 30	Complete	Yes/2015 Rpt V2
Operator Certification Board	March 31	Complete	No
Owners, The: Condominium Corporation No. 101100609	March 31	Complete	No
Parkland College	June 30	Complete	No
Physician Recruitment Agency of Saskatchewan	March 31	Complete	No
Prairie Agricultural Machinery Institute	March 31	Complete	Yes/2015 Rpt V2
Prairie North Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Prairie South School Division No. 210	August 31	Complete	No
Prairie Spirit School Division No. 206	August 31	Complete	Yes/2016 Rpt V1
Prairie Valley School Division No. 208	August 31	Complete	No
Prince Albert Parkland Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
Prince Albert Roman Catholic Separate School Division No. 6	August 31	Complete	No
Provincial Archives of Saskatchewan (formerly Saskatchewan Archives Board)	March 31	Complete	No
Regina Qu'Appelle Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
Regina Roman Catholic Separate School Division No. 81	August 31	Complete	Yes/2015 Rpt V2
Regina School Division No. 4	August 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Saskatchewan Apprenticeship and Trade Certification Commission	June 30	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Saskatchewan Arts Board, The	March 31	Complete	Yes/2015 Rpt V2
Saskatchewan Association of Health Organizations Inc.	March 31	Complete	No
Saskatchewan Cancer Agency	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Saskatchewan Centre of the Arts	March 31	Complete	No
Saskatchewan Crop Insurance Corporation	March 31	Complete	Yes/2015 Rpt V2
Saskatchewan Grain Car Corporation	July 31	Complete	No
Saskatchewan Health Research Foundation	March 31	Complete	No
Saskatchewan Heritage Foundation	March 31	Complete	Yes/2015 Rpt V2
Saskatchewan Housing Corporation	December 31	Complete	No
Saskatchewan Impaired Driver Treatment Centre Board of Governors	March 31	Complete	Yes/2015 Rpt V2
Saskatchewan Indian Gaming Authority Inc.	March 31	Complete	Yes/2015 Rpt V2
Saskatchewan Polytechnic	June 30	Complete	Yes/2015 Rpt V2
Saskatchewan Legal Aid Commission	March 31	Complete	Yes/2016 Rpt V1
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	March 31	Complete	No
Saskatchewan Research Council	March 31	Complete	Yes/2015 Rpt V2
Saskatchewan Rivers School Division No. 119	August 31	Complete	No

Agency	Fiscal Year-End [A]	Status at April 22, 2016 [B]	Matters Reported / Related Report(s) [C]
Saskatoon Regional Health Authority	March 31	Complete	Yes/2016 Rpt V1
Saskatoon School Division No. 13	August 31	Complete	No
SaskBuilds Corporation	March 31	Complete	No
South East Cornerstone School Division No. 209	August 31	Complete	No
Southeast College	June 30	Complete	Yes/2015 Rpt V2
St. Paul's Roman Catholic Separate School Division No. 20	August 31	Complete	Yes/2015 Rpt V2
Sun Country Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2
Sun West School Division No. 207	August 31	Complete	No
Sunrise Regional Health Authority	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
TecMark International Commercialization Inc.	March 31	Note 1	
Tourism Saskatchewan	March 31	Complete	Yes/2015 Rpt V2
Water Appeal Board	March 31	Complete	No
Water Security Agency	March 31	Complete	Yes/2015 Rpt V2 & 2016 Rpt V1
Western Development Museum	March 31	Complete	No
Workers' Compensation Board	December 31	Complete	No
CIC Crown Corporations and related agencies:			
101069101 Saskatchewan Ltd.	March 31	Note 1, 6	
Avonlea Holding, Inc.	March 31	Note 1, 6	
Battleford International, Inc.	March 31	Note 1, 6	
Bayhurst Energy Services Corporation	March 31	Note 1, 6	
Bayhurst Gas Limited	March 31	Note 6	
BG Storage Inc.	March 31	Note 1, 6	
Bruno Holdings Inc.	March 31	Note 1, 6	
CIC Asset Management Inc.	March 31	Note 6	
CIC Economic Holdco Ltd.	March 31	Note 1, 6	
CIC FTLP Holdings Inc.	March 31	Note 1, 6	
CIC FTMI Holdings Inc.	March 31	Note 1, 6	
CIC OSB Products Inc.	March 31	Note 1, 6	
CIC Pulp Ltd.	March 31	Note 1, 6	
Coachman Insurance Company	December 31	Complete	No
Crown Investments Corporation of Saskatchewan	March 31	Note 6	
DirectWest Canada Inc.	March 31	Note 1, 6	
DirectWest Corporation	March 31	Note 6	
First Nations and Métis Fund Inc.	March 31	Note 6	
Gradworks Inc.	March 31	Note 6	Yes/2016 Rpt V1
Invest Sask Holdings Inc.	March 31	Note 1, 6	
Investment Saskatchewan Swine Inc.	March 31	Note 1, 6	
Manalta Investment Company Ltd.	March 31	Note 1, 6	
Many Islands Pipe Lines (Canada) Limited	March 31	Note 6	
Nokomis Holding, Inc.	March 31	Note 1, 6	
Northpoint Energy Solutions Inc.	March 31	Note 6	
Qu'Appelle Holding, Inc.	March 31	Note 1, 6	

Agency	Fiscal Year-End [A]	Status at April 22, 2016 [B]	Matters Reported / Related Report(s) [C]
Saskatchewan Auto Fund	March 31	Note 6	
Saskatchewan First Call Corporation	March 31	Note 1, 6	
Saskatchewan Gaming Corporation	March 31	Note 6	
Saskatchewan Government Insurance	March 31	Note 6	Yes/2016 Rpt V1
Saskatchewan Immigrant Investor Fund Inc.	March 31	Note 6	Yes/2016 Rpt V1
Saskatchewan Opportunities Corporation	March 31	Note 6	
Saskatchewan Power Corporation	March 31	Note 6	
Saskatchewan Telecommunications	March 31	Note 6	
Saskatchewan Telecommunications Holding Corporation	March 31	Note 6	
Saskatchewan Telecommunications International, Inc.	March 31	Note 6	
Saskatchewan Telecommunications International (Tanzania) Ltd.	March 31	Note 1, 6	
Saskatchewan Transportation Company	March 31	Note 6	
Saskatchewan Water Corporation	March 31	Note 6	
SaskEnergy Incorporated	March 31	Note 6	
SaskPower International Inc.	March 31	Note 1, 6	
SaskTel International Consulting, Inc.	March 31	Note 1, 6	
SaskTel Investments Inc.	March 31	Note 1, 6	
SecurTek Monitoring Solutions Inc.	March 31	Note 6	
SGC Holdings Inc.	March 31	Note 6	
SGI CANADA Insurance Services Ltd.	December 31	Complete	No
Shellbrook Holding, Inc.	March 31	Note 1, 6	
TransGas Limited	March 31	Note 6	
Special purpose and trust funds including pension and benefit plans:			
Capital Pension Plan	December 31	Complete	Yes/2016 Rpt V1
Commercial Revolving Fund	March 31	Complete	Yes/2015 Rpt V2
Correctional Facilities Industries Revolving Fund	March 31	Complete	No
Criminal Property Forfeiture Fund	March 31	Complete	No
Crop Reinsurance Fund of Saskatchewan	March 31	Complete	No
Doukhobors of Canada C.C.U.B. Trust Fund	May 31	Complete	No
Extended Health Care Plan	December 31	Complete	No
Extended Health Care Plan for Certain Other Employees	December 31	Complete	No
Extended Health Care Plan for Certain Other Retired Employees	December 31	Complete	No
Extended Health Care Plan for Retired Employees	December 31	Complete	No
Financial and Consumer Affairs Authority of Saskatchewan	March 31	Complete	No
Fish and Wildlife Development Fund	March 31	Complete	No
General Revenue Fund	March 31	Note 3	
Growth and Financial Security Fund	March 31	Note 3	
Health Shared Services Saskatchewan Core Dental Plan	December 31	Delayed	

Agency	Fiscal Year-End [A]	Status at April 22, 2016 [B]	Matters Reported / Related Report(s) [C]
Health Shared Services Saskatchewan Disability Income Plan – CUPE	December 31	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – SEIU	December 31	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – General	December 31	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – SUN	December 31	Delayed	
Health Shared Services Saskatchewan Group Life Insurance Plan	December 31	Delayed	
Health Shared Services Saskatchewan In-scope Extended Health/Enhanced Dental Plan	December 31	Delayed	
Health Shared Services Saskatchewan Master Trust Combined Investment Fund	December 31	Note 2	
Health Shared Services Saskatchewan Out-of-scope Extended Health/ Enhanced Dental Plan	December 31	Delayed	
Horned Cattle Fund	March 31	Complete	No
Institutional Control Monitoring and Maintenance Fund	March 31	Complete	No
Institutional Control Unforeseen Events Fund	March 31	Complete	No
Judges of the Provincial Court Superannuation Plan	March 31	Complete	No
Liquor Board Superannuation Plan	December 31	Complete	No
Livestock Services Revolving Fund	March 31	Complete, Note 4	No
Municipal Employees' Pension Commission	December 31	Complete	No
Northern Municipal Trust Account	December 31	Delayed	
Oil and Gas Orphan Fund	March 31	Complete	No
Orphaned Environmentally Impacted Sites Fund	March 31	Note 5	
Pastures Revolving Fund	March 31	Complete	Yes/2015 Rpt V2
Pension Plan for Employees of the Saskatchewan Workers' Compensation Board	December 31	Complete	No
Pension Plan for the Non-Teaching Employees of the Saskatoon School Division No. 13	December 31	Complete	No
Power Corporation Superannuation Plan	December 31	Complete	No
Prince of Wales Scholarship Fund	March 31	Complete	No
Provincial Mediation Board Trust Accounts	March 31	Complete	No
Public Employees Benefits Agency Revolving Fund	March 31	Complete	No
Public Employees Deferred Salary Leave Fund	December 31	Complete	No
Public Employees Dental Fund	December 31	Complete	No
Public Employees Disability Income Fund	December 31	Complete	No
Public Employees Group Life Insurance Fund	December 31	Complete	No
Public Employees Pension Plan	March 31	Complete	No
Public Service Superannuation Plan	March 31	Complete	No
Public Guardian and Trustee for Saskatchewan	March 31	Complete	Yes/2015 Rpt V2
Queen's Printer Revolving Fund	March 31	Complete	No
Residential Tenancies, Office of – Director's Trust Account	March 31	Complete	No
Sask 911 Account	March 31	Complete	No
Saskatchewan Agricultural Stabilization Fund	March 31	Complete	No

Agency	Fiscal Year-End [A]	Status at April 22, 2016 [B]	Matters Reported / Related Report(s) [C]
Saskatchewan Government Insurance Service Recognition Plan	December 31	Complete	No
Saskatchewan Government Insurance Superannuation Plan	December 31	Complete	No
Saskatchewan Pension Annuity Fund	March 31	Complete	No
Saskatchewan Pension Plan	December 31	Complete	No
Saskatchewan Power Corporation Designated Employee Benefit Plan	December 31	Complete	No
Saskatchewan Power Corporation Severance Pay Credits Plan	December 31	Complete	No
Saskatchewan Research Council Employees' Pension Plan	December 31	Delayed	
Saskatchewan Snowmobile Fund	March 31	Complete	No
Saskatchewan Student Aid Fund	March 31	Complete	No
Saskatchewan Telecommunications Pension Plan	December 31	Complete	No
Saskatchewan Water Corporation Retirement Allowance Plan	December 31	Complete	No
SaskEnergy Retiring Allowance Plan	December 31	Complete	No
SaskPower Supplementary Superannuation Plan	December 31	Complete	No
School Division Tax Loss Compensation Fund	March 31	Complete	No
Social Services Central Trust Account	March 31	Complete	No
Social Services Valley View Centre Grants and Donations Trust Account and Institutional Collective Benefit Fund	March 31	Complete	No
Social Services Valley View Centre Residents' Trust Account	March 31	Complete	No
Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission	December 31	Delayed	
Teachers' Dental Plan	June 30	Complete	Yes/2015 Rpt V2
Teachers' Disability Plan	June 30	Complete	No
Teachers' Group Life Plan	August 31	Complete	No
Teachers' Superannuation Plan	June 30	Complete	No
Training Completions Fund	March 31	Complete	No
Transportation Partnerships Fund	March 31	Complete	No
Victims' Fund	March 31	Complete	No
Water Security Agency Retirement Allowance Plan	March 31	Complete	No
Offices of the Legislative Assembly:			
Advocate for Children and Youth, Office of the	March 31	Complete	No
Board of Internal Economy/Legislative Assembly Service	March 31	Complete	No
Chief Electoral Officer, Office of the	March 31	Complete	No
Conflict of Interest Commissioner, Office of the	March 31	Complete	No
Information and Privacy Commissioner, Office of the	March 31	Complete	No
Ombudsman, Office of the	March 31	Complete	No

Agency	Fiscal Year-End [A]	Status at April 22, 2016 [B]	Matters Reported / Related Report(s) [C]
Other agencies:			
Pension Plan for the Eligible Employees at the University of Saskatchewan	December 31	Delayed	
Pension Plan for the Academic and Administrative Employees of the University of Regina	December 31	Delayed	
Technical Safety Authority of Saskatchewan	June 30	Complete	Yes/2016 Rpt V1
University of Regina Non-Academic Pension Plan	December 31	Delayed	
University of Regina	April 30	Complete	Yes/2016 Rpt V1
University of Saskatchewan 1999 Academic Pension Plan	December 31	Delayed	
University of Saskatchewan 2000 Academic Money Purchase Pension Plan	December 31	Delayed	
University of Saskatchewan Academic Employees' Pension Plan	December 31	Delayed	
University of Saskatchewan and Federated Colleges Non-Academic Pension Plan	December 31	Delayed	
University of Saskatchewan	April 30	Complete	No

Note 1: These entities are wholly- or partially-owned subsidiary corporations that are included in the consolidated financial statements of a parent Crown agency.

Note 2: Health Shared Services Saskatchewan no longer prepares financial statements for the Master Trust Combined Investment Fund.

Note 3: The Ministry of Finance does not prepare financial statements for this Fund.

Note 4: This entity had no active operations.

Note 5: The Fund was recently created. March 31, 2016 will be the first period-end audited by this Office.

Note 6: On November 30, 2015, the Government announced its decision to change the fiscal year of Crown Investments Corporation of Saskatchewan and its subsidiaries and related entities from December 31 to March 31. The results of the audits for the fifteen-month period ending March 31, 2016 will be reported in our *2016 Report – Volume 2.*

A.

Fiscal Year-end	Year of last completed integrated audit
March 31	2015
April 30	2015
May 31	2015
June 30	2015
July 31	2015
August 31	2015
September 30	2015
December 31	2015

B. "Complete" – the audit was complete
"Delayed" – the audit was delayed

C. "No" - no significant issues were reported
"Yes/2015 Rpt V2" – significant issues are reported in our *2015 Report – Volume 2*
"Yes/2016 Rpt V1" – significant issues are reported in our *2016 Report – Volume 1*

Appendix 2
Samples of Opinions We Form on Ministries, Crown Agencies, and Crown-Controlled Corporations

The Office promotes accountability and better management by providing Legislators and the public with an independent assessment of the Government's use of public resources. It provides legislators and the public with independent assurance (conclusions) and advice on:

- The effectiveness of the management of public resources
- Compliance with governing authorities (e.g., laws, regulations)
- The reliability of financial and other reports (e.g., financial statements)

The scope of the Office's work includes the Government as a whole, sectors or programs of the Government, and individual government agencies. It uses generally accepted assurance standards published by CPA Canada to carry out its audits. The following are samples of its audit opinions.

1. The Effectiveness of the Management of Public Resources

I have audited [Agency]'s control as of [Year-End] to express an opinion as to the effectiveness of its control related to the following objectives.

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations, and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

I used the control framework included in the *Guidance on Control* published by CPA Canada (control framework) to make my judgments about the effectiveness of [Agency]'s control. I did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The control framework defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

[Agency]'s management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I conducted my audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that I plan and perform an audit to obtain reasonable assurance as to the effectiveness of [Agency]'s control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks, and examining, on a test basis, evidence relating to control.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities, and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, [Agency]'s control was effective, in all material respects, to meet the objectives stated above as of [Year-end] based on the control framework.

2. Compliance with Legislative Authorities

I have made an examination to determine whether [Agency], complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing, and investing activities during the year ended [Year-End]:

(List legislative and related authorities covered by this report. This list must include all governing authorities.)

My examination was made in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, [Agency] has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended [Year-End].

3. The Reliability of Financial Statements

I have audited the accompanying financial statements of [Agency], which comprise the [statement of financial position] as at [Year-End], and the [statements of operations, change in net debt, and cash flow] for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [acceptable financial reporting framework] for [Treasury Board's] approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of [Agency] as at [Year-End], and [insert appropriate wording to describe financial results] for the year then ended in accordance with [acceptable financial reporting framework].